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NEWS SUMMARY

GENERAL

Reagan launches 'anti-left' aid plan

President Ronald Reagan yesterday formally launched his aid, trade and investment plan for the Caribbean basin.

The project is intended to check the spread of "Communist and left-wing subversion" in the region.

Duty-free entry to the U.S. of all Caribbean exports except textiles and clothing would be guaranteed for 12 years under the plan. *Back Page; Strikes setback, Page 6*

Scrubs errors

Errors of judgment by key management personnel aggravated the defective handling of 1979's disturbances in Wormwood Scrubs, according to a Home Office report.

Five men barricaded in a cell at the prison since Saturday came out voluntarily last night. They were protesting at prison officers' behaviour. Page 8

Beirut hijack

Gunmen seized a Kuwaiti Airways jet with between 150 and 165 on board at Beirut airport. They threatened to blow up the craft if not taken to a destination of their choosing.

Charron plea

Claude Charron, until Tuesday Parliamentary leader of Quebec's ruling Parti Quebecois, admitted trying to steal a coat

Jail 'torture'

Turkish prisoners told journalists of "moral and physical *repression" in the country's* jails. Page 2

'Quit EEC' vote

Greenland voted to withdraw from the EEC in a consultative referendum. Page 2

Fare battle

Transport Secretary David Howell attacked Labour leaders of the Greater London Council for persistent attempts to challenge the Law Lords' ruling outlawing cheap fares. Page 11

Fuel tank probe

The Prime Minister has asked the Transport Secretary to hold an inquiry into planning controls over floating structures used to store fuel. Page 11

UK smoking up

Cigarette consumption in the UK went up by 49.4 per cent between 1970 and 1980. It rose *by 23 per cent in the EEC as a* whole. EEC tries to lower prices, Page 2

Milk for schools

Milk consumption in UK schools is expected to rise by between a third and a half this year due to EEC subsidies. Page 8

Crime chief 'stunt'

Exeter University students kidnapped Devon and Cornwall's head of crime prevention in a rag week stunt.

Boycott inquiry

Yorkshire County Cricket Club launched an investigation into the leak of information about the future of batsman Geoff Boycott.

'Plot' warning

Staff leaking the plot of The Archers could face the sack, BBC Radio warned

Oleo-alchemy

A Manchester University conversion plant is transforming the city's refuse into high quality crude oil. Back Page

Briefly . . .

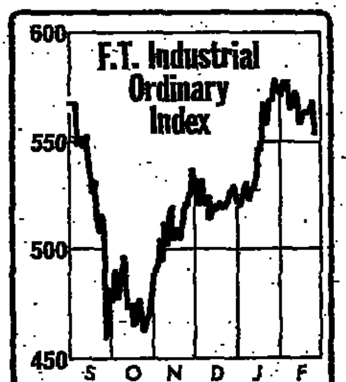
Actress Gayle Hunnicutt gave birth to a boy in London.

France's first test-tube baby, a girl, was born near Paris.

BUSINESS

Equities off 6.4; Sterling weakens

● EQUITIES were unsettled by early sales of leading shares. The FT 30-share index fell 6.4 to 552.6. Page 36



● GILTS eased on profit taking. The Government Securities index closed 0.41 down at 66.39. Page 36

● WALL STREET was 4.18 up at 817.16 near the close. Page 34

● STERLING recovered in late trading, closing 15 points down at $1.83, and at DM 4.3325 (DM 4.345); FFr 11.035 (FFr 11.045), SwFr 3.43 (SwFr 3.44) and Y428.5 (Y430). Its trade weighted index fell to 90.8 (91.2). Page 27

● DOLLAR eased, finishing at DM 2.366 (DM 2.3725), FFr 6.03 (FFr 6.0325), SwFr 1.874 (SwFr 1.8775) and Y234.25 (Y234.75). Its trade weighted index was unchanged at 112.5. Page 27

● GOLD rose $2¼ in London to $363¾. Page 27

● HONG KONG scrapped withholding taxes on all foreign currency deposits. Back Page

● PEMEX, Mexico's state oil group, discovered a large on*shore oilfield containing light* crude of "exceptional quality." Nuclear plans, Page 7

● TWO OFFICIALS in BNOC's trading department have resigned amid warnings of staff demoralisation and further defections. Page 8

● ROMANIA is to hold talks with eight Western Banks in a bid to reschedule some $1bn (£546.4m) of foreign debt. Page 3

● ZAIRE faces a foreign debt crisis after failing to meet performance criteria included in last year's SDR 912m (£560m) IMF loan programme. Page 4

● CO-OP BANK and a group of trade unions plan to set up a deposit taking and lending institution later this year. Back Page

● LONRHO shareholders were *told the group was seeking to* remove Monopolies Commission objections to its planned takeover of House of Fraser. Page 26

● TOUCHE REMNANT, a City investment management group, is to take a 20 per cent (£5m) stake in Henry Ansbacher, the merchant bank. Back Page and Lex

● HARRISONS MALAYSIAN Estates, a group with interests in rubber and palm oil, saw taxable profits fall from £13.92m to £10.99m for the half-year to end September. Page 24

● CARRINGTON VIYELLA, textile manufacturer, reported sharply reduced pre-tax losses last year of *£4.36m (£8.31m).* Page 24; Lex, Back Page

● WEDGWOOD, the pottery group, increased taxable profits by £2.4m to £6.02m for the 40 weeks to January 2. Page 24

● JOHNSON MATTHEY, gold, silver and platinum refiner, increased taxable profits from £30.35m to £35.01m for the nine months to end-December. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise *indicated*)

RISES		
Bulmer (H. P.)	324	+ 9
Daejan	213	+ 37
Anglo Amer Gold	£35¼	+ 1½
President Brand	£15¼	+ 1
FALLS		
Exchqr 13¼pc 1987		
A (£20 paid)	£20¼	— ⅛
Exchqr 12¼pc '99	£84¼	— ⅞
BPM A	85	— 7
Barclays Bank	456	— 6
Barratt Devs	237	— 6
Bass	218	— 8
Boots	210	— 5
British Home Stores	138	— 4
Commercial Union	140	— 4
Eagle Star	370	— 10
Eleco	76	— 6
GUS A	470	— 8
ICI	326	— 6
Inchcape	310	— 13
Ladbroke	147	— 6
Marchwiel	126	— 12
Martin (R. P.)	390	— 20
NatWest Bank	466	— 6
Racal Elect	358	— 7
Redland	178	— 5
Thorn EMI	468	— 7
Unigate	99	— 4
Unitech	225	— 15
Utd Scientific	600	— 20
Wedgwood	76	— 4
Tricentrol	182	— 10
Ultramar	400	— 18

Banks cut base rates to 13½%: NatWest mortgages cheaper

BY WILLIAM HALL AND ANDREW TAYLOR

BRITAIN'S BANKS cut the cost of overdrafts yesterday by reducing their base rates by a half percentage point to 13½ per cent, and National Westminster Bank cut its home mortgage rate.

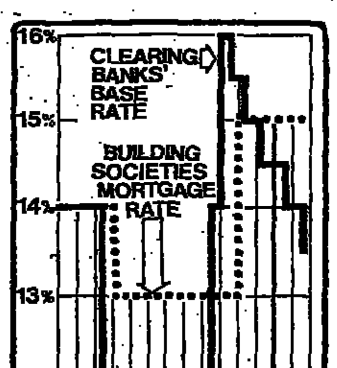
The moves came as a surprise to the City, and are likely to increase pressures on the building societies to cut their mortgage rate. Building society chiefs are next due to consider interest rates at a meeting in London on March 12, three days after the Budget.

There have been growing signs that the banks contemplated a base rate cut over the last week, but the speed with which the reduction came surprised many people.

Short-term rates, in particular the seven-day rate which determines banks' marginal cost of *funds, are still relatively high* in relation to base rates.

On the last three occasions *NatWest has led the reduc*tions, but it was Barclays, early yesterday morning, which *seized the initiative, and within* hours all its main rivals had moved into line.

Mr Brian Pearse, Barclay's retail banking chief, said that when the banks raised their base rates by *four percentage* points to 16 per cent last autumn it was a "killer punch" *to many companies, and the* bank was anxious to reduce rates as quickly as possible.



The decision to cut base rates, *he said, was "more clear cut"* than before, and the bank was "comfortable" with the current *rate structure.*

The seven-day interbank rate was unchanged at 14⅛ per cent *after the reduction, but the* three-month rate, also a good indicator of base rates over the *long-term, shed ⅛, to 14 per cent.*

Internationally, interest rates moved in various directions. The U.S. Fed Funds rate firmed slightly to 12½ per cent, and three-month Eurodollar rates *were ⅛ firmer.*

Most building societies were reluctant to discuss the likeli*hood of a reduction in mort*gage rates until after the Budget.

Another key to any decision to reduce society rates will be the reaction of other leading *banks to National Westminster's* decision to cut its mortgage rate by half a percentage point to 14½ per cent.

If the others follow suit a reduction in society mortgage rates would seem the most likely outcome. Barclays, the most aggressive of the banks in the mortgage market, said it would cut its rates "quite soon."

Some societies last night were advocating a one percentage point reduction in the base mortgage rate to 14 per cent; others would prefer mortgage and investment rates to remain as they are

Societies are concerned about the impact of growing competition from the banks on mortgage lending, and competition for *investors' funds from National* Savings and other lending institutions.

The banks also reduced *their* seven-day deposit rates by half a percentage point *to* 11 per *cent, although Barclays,* which has been paying a half-percentage point more than the other banks, cut its rate by a full percentage point

On the foreign exchange *markets* the pound weakened after the base rate cuts. It finished at its lowest level against the dollar since late October, losing 15 points to $1.83.

Reducing jobless 'should be given priority'

BY MAX WILKINSON, ECONOMIC CORRESPONDENT

NEXT MONTH's Budget should concentrate on measures to reduce unemployment, even at the expense of the long-term fight against inflation. This was urged yesterday by the National Institute of Economic and Social Research, one of the leading independent forecasting agencies.

However, in its February Economic Review the institute *says that any stimulus given to* the economy should be gradual. Otherwise there would be a risk *of a further inflationary spiral.*

The institute says that even on the most optimistic assessment the stimulus required to increase demand enough to achieve high employment "is very large indeed."

Because of the uncertainty, however, it would be unwise to provide a large stimulus at any one time: "much better to start with a more modest injection, enough to reverse the estimated rise of unemployment."

The institute predicts that if the Government does not change its policies unemployment will rise by 300,000 between the latter part of 1981 and the end of this year to 3.1m, including school leavers. By the end of 1983 this total would reach 3.3m.

Total output would rise only sluggishly under existing policies, with the average for this year 1.4 per cent above last

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year's average and output for 1983 up a further 0.7 per cent. The annual inflation rate would be about 10.7 per cent this year and 9.5 per cent next year.

This is broadly similar to the institute's last forecast in November, though it now believes the recovery will be slightly quicker this year and correspondingly slower in 1983.

The institute is rather more pessimistic than most other forecasting groups, which generally predict a gradually accelerating growth for the next year or two.

It says the Government's medium-term financial *strategy* "failed in its own terms and should now be abandoned. In its place the Government should formulate a new strategy in terms of output and employment.

"It needs to be borne in mind that the risk of inflation would be present irrespective of the source of the recovery," the institute says.

"A long-term solution to the problem of inflation has still to be found. However, the immediate problem is to stop the rise in unemployment."

The City University, one of Britain's leading advocates of tough monetary policies to beat inflation, puts a different view in its most recent forecast. In its annual monetary review the university's Centre for Banking and International Finance urged the Government to stand firm against calls for reflation and to restate its commitment to monetary targets in the March Budget.

Hoover UK loses £31m in year

BY JASON CRISP

THE TROUBLED British subsidiary of Hoover, the U.S. domestic appliance manufacturer, made a pre-tax loss of £31m in 1981 on sales which fell slightly to £201m. The loss includes redundancy payments of £13.5m. Hoover is cutting its UK workforce from over 10,000 to 6,000.

The heavy losses in the UK subsidiary were the main cause of a $18.8m loss for Hoover in 1981 *after a $25.3m profit in* 1980. The British subsidiary is 57 per cent owned and accounts for a substantial part of Hoover's $750m sales in 1981 which were down from $830.5m in 1980.

Last October Hoover in Britain announced it would close its factory at Perivale West London with the loss of over 1,000 jobs. It also announced a further 800 redundancies at its other two factories in Cambuslang, Scotland, and Merthyr Tydfil, Wales.

The company blamed depressed demand in the UK and severe pressure on prices because of intense competition from both UK and foreign suppliers. Overseas sales rose slightly.

Hoover says that rationalisation of the British operation and a number of new products will lead to recovery. It is about

Group sales for Hoover were £201m in 1981 compared with £206.7m the previous year. It made a trading loss of £9.1m in 1981 compared with a profit of £2.7m in 1980. *Net interest* payments also rose from £2m to £3.2m last year.

The total cost of rationalisation, including redundancy amounted to £17.2m, which includes costs which will occur in 1982. There are still about 600 people at Perivale which will not close until the summer.

British operation pushes U.S. Hoover into red, Page 28

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Building society to offer cash card and chequebook

By Alan Friedman

THE LEICESTER Building Society will offer a wide range *of banking and financial services* from May 1, including a cheque book account which would pay interest when the account is in credit.

The society, which is the UK's *ninth largest in terms of assets,* is teaming with Citibank Savings, the British subsidiary of Citicorp, the U.S. banking group, to offer personal loans, travellers' cheques and the Diners Club charge card.

It has also agreed a three-month arrangement with the Post Office which will allow anyone wanting to open a standard Leicester share account to deposit cash through any of the 20,000 post office branches.

The Leicestercard, a plastic card, will enable holders to obtain retail, travel and insurance discounts. To qualify for the card, customers must deposit and maintain a £100 share account balance.

This card can also be used to withdraw up to £100 a day through cash dispensers to be installed at the society's branches from September. Six cash dispensers are planned initially, and they will be sited in Leicester and the South-east.

The Leicester's decision to work with Citibank and a number of British companies makes it the first society to provide money transmission services.

The traditional role of the societies has been to provide housing finance through mortgages. On the deposit side the societies have experimented with a variety of short- and long-term share accounts.

Mr Scott Durward, chief general manager of the Leicester, said yesterday that competition from banks and national savings had put pressure on the building societies. "It is not enough for building societies to meet competition only by matching whatever higher interest rates are on offer," he added.

The new package of services was not "a short-term, spasmodic effort or one which should be seen as a passing indulgence in showmanship." It was a deliberate strategy.

At first the society will pro-

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£ in New York

—	Feb. 25	previous
Spot	$1.8305-8320	$1.8480-8495
1 month	0.05-0.10 pm	0.08-0.13 pm
3 months	0.44-0.49 pm	0.42-0.47 pm
12 months	1.80-1.95 pm	1.65-1.80 pm

South African Nationalists split on Botha

BY BERNARD SIMON AND J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA's ruling *National Party was faced yester*day with its deepest split after 34 years in power when 23 ultra-conservative members of the party's parliamentary caucus refused to support a motion of confidence in Mr P. W. Botha, the Prime Minister. There appears to be little chance of averting a formal breakaway.

Mr Botha has given the dissidents, who include Dr Andries Treurnicht, leader of the party's powerful Transvaal provincial branch, a week to decide whether they wish to remain in the party. If they refused to accept his leadership, he said, *the party would "exercise the* necessary disciplinary action."

A split would cost Mr Botha *about one-fifth of his parlia*mentary support. The National Party has 141 members of the 171-seat parliament, and a split would create a significant right-wing opposition group there. It might, however, also allow Mr Botha to plump more strongly for reformist policies.

Yesterday's events marked the culmination of several years' discontent in the party with Mr Botha's leadership. His hints of reforms in the party's segregationist race policies have confused many traditional supporters and the party lost considerable support to extreme right-wing groups in last April's General Election.

Tensions boiled over at yesterday's caucus meeting, *which was called to discuss* changes in the South African constitution. Mr Botha and his supporters have quietly suggested recently that the country's coloured (mixed race) and Indian populations may be allowed limited participation with whites in the central government. These suggestions haev provoked strong opposition from the Verkrampte (reactionary) wing, led by Dr Treurnicht.

Mr Botha said after the meeting that lengthy discussion had taken place on "alleged differences in National Party ranks." The motion of confidence was opposed by 22 Members of Parliament out of the 123 present. Dr Treurnicht walked out before the vote.

The identities of the other *dissidents are not known but* they are thought to come mostly from Transvaal rural constituen*cies. Mr Botha's main support is* in Cape Province.

Dr Treurnicht said late *yesterday* a meeting of the party's Transvaal executive committee would be held on Saturday.

The split comes at a bad time for the Nationalists. The party is expected to suffer one of its most significant electoral setbacks in municipal elections in the Transvaal to be held next Wednesday.

North Atlantic air fares raised by up to 20%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FARES on UK-U.S. routes will rise by amounts averaging between 15 and 20 per cent from March 1, with further rises of about 8 per cent from May 1. The Civil Aviation Authority said yesterday that it had approved airlines' requests for such rises to meet soaring costs.

Member airlines of the International Air Transport Association decided to seek the rises at their meeting in Miami earlier this year.

It is expected that all airlines serving the UK-U.S., including British Airways, Pan American and Trans World Airlines will apply the rises.

Non-Iata members, such as some charter carriers, are also likely to increase fares. Some carriers have already announced increases and are making surcharges of about 20 per cent on bookings already placed.

The £124 single economy fare between London and New York will rise to £143 on March 1, and to £155 on May 1. The peak summer economy single rate now £169, will rise to £218 from May 1.

The Advanced Purchase Excursion return rate, now £223, will rise to £257 on March 1, and £281 on May 1. The £314 peak summer Apex rate will rise to £362 on March 1 and then to £385 on May 1.

The increases were originally sought by the airlines last autumn. All have been facing sharp rises in costs for fuel, labour, route navigation charges and airport handling fees. The airlines put their collective losses on the North Atlantic last year at more than $500m (£273m).

Continued on Back Page
Battle looms over Laker routes, Page 10

ENI chairman rejects state request to resign

BY JAMES BUXTON IN ROME

SIG ALBERTO GRANDI, the chairman of the Italian state energy concern ENI, has refused to accept the Government's request last week that he resign.

He has asked to be allowed to state his position to a committee of both Houses of Parliament.

His decision to stand firm could create more difficulties for the Government of Sig Giovanni Spadolini, the future of which is to be reviewed at a meeting of the five coalition partners today.

Last week Sig Grandi, who has completed less than two years of his three-year term at the head of Italy's best known state company, was asked for his resignation, along with that of the whole five-man supervisory board, by Sig Gianni de Michelis, the Minister of State Shareholdings. He was told that the Government wanted to appoint new men when a new system to govern the state's relationship with ENI comes into force.

However, it has barely been disguised that the true reason for the request is the desire of the Socialist Party, part of the governing coalition, to replace Sig Gandi, who is a Christian Democrat with a Socialist in order to achieve a fair balance of the division of state sector jobs between the main governing parties. The Christian Democrat secretary, Sig Flaminio Piccoli, is in accord with the Socialists on this.

Sig Grandi has asked the joint parliamentary committee on industry to hear his case following claims by a leading Socialist economist that he had committed "grave errors of management." This is the first time that the question of Sig Grandi's competence has been raised in the present row.

Today's important meeting between Sig Spadolini and the secretaries of the four other parties is an attempt to settle growing differences between them.

The original issue was between the Christian Democrats and the Socialists over El Salvador. That, however, has been partially smoothed over and instead the Socialist offensive has chosen a new target in the form of the economy.

Last weekend the Socialist Party newspaper Avanti published a strong attack on the continuing tight monetary policy, supposedly written by Sig Bettino Craxi, the party secretary. It argued that the policy, which has had some effect in reducing inflation and the balance of payments deficit, was unnecessarily prolonging the recession and creating unemployment. But Sig Nino Andreatta, the Christian Democrat Treasury Minister, believes the policy should continue.

Greenland votes to withdraw from EEC

By Hilary Barnes in Copenhagen

GREENLAND voted by 12,615 votes to 11,180 votes in Tuesday's consultative referendum to withdraw from the European Economic Community, becoming the first people to express a wish to opt out of the Ten.

Mr Jonathan Motzfeldt, leader of the Greenland home rule Government, flew to Copenhagen to ask the Danish Government to initiate withdrawal negotiations on Greenland's behalf.

These negotiations are expected to be dominated by Greenland's wish for continued free access to EEC markets for fish and fish products, and the right of EEC fishing vessels to continue to fish in Greenland's waters.

If everything goes according to plan, Greenland will cease to be a member of the EEC from January 1 1984. But as a part of the Kingdom of Denmark it will automatically continue to participate in the Community's political affairs as foreign and defence policy do not come under the home rule Government.

The 52 per cent vote against continued membership may, however, complicate withdrawal negotiations.

Mr Lars Chemnitz, leader of the pro-EEC Atassut Party, said during the campaign that Greenland should not withdraw unless the vote gave a decisive margin for withdrawal, or a minimum 55 per cent.

If the party wins the 1983 elections to the Greenland legislature, it may decide to halt withdrawal negotiations.

Mr Anker Joergensen, the Danish Prime Minister, said he was disappointed by the referendum results but would help the Greenlanders to fulfil their wish to leave the EEC.

Mr Poul Dalsager, Denmark's EEC Commissioner, said he could see no objection to Greenland leaving. "We shall save some money which we can use elsewhere."

Reuter adds from Brussels: EEC officials said yesterday that Greenland's departure from the organisation could set a dangerous precedent. They said the referendum vote was worrying as Greece's Socialist Government had expressed misgivings with the Community and Britain's Labour Party was also talking of leaving.

Fishing impact, Page 35

Torture allegations from Turkish prisoners

BY METIN MUNIR IN ANKARA

FIVE PRISONERS squatted by the wall in the small prison yard at the Mamak military jail in Ankara. It was the first sunny day for months, but they did not seem to be enjoying it. About 60 other prisoners jogged round the yard in military formation.

The five prisoners—men in their twenties with shorn hair and pallid complexions — remained outside the formation so that the group of Turkish journalists invited to inspect the jail could take their photographs.

The invitation, not extended to foreign correspondents, was part of the military's campaign to refute allegations made by the London-based human rights group Amnesty International that torture was common in Turkish jails and that more than 70 had died under torture since the coup 17 months ago.

The five men seemed to the correspondents to have been selected from among several thousand held in the prison—one of Turkey's biggest—on the grounds that they would give evidence against Amnesty. The authorities, who probably shared the same assumption, could not be more wrong.

"There is torture in Turkey," said Mr Nasuh Mitap, according to a tape recording of the interview heard by the Financial Times. "There is a lot of torture. Torture has made me lame. They broke my back. For a long time I could not walk. I have seen a lot of my friends being tortured. There are reports, medical reports."

Mr Mitap is alleged to be a leading meber of Dev Sol, one of the most active and violent terror groups which plagued Turkey before the military takeover.

Mr Melih Pakdemir, also allegedly a senior member of Dev Sol, said: "What we want is to be treated like human beings and to be given an opportunity to prepare our defence. Torture is something relative. It is true that there is repression in jail. We are grilled for between 12 and 14 hours every day. Everything here is done by command. If anybody disobeys a comand—moves even slightly—he is clubbed by the nearest soldier. One can also be taken to the cage and beaten there."

A journalist asked Mr Pakdemir whether he had been subjected to such treatment.

"There is no one who hasn't," he replied. "I too."

Had he a message for Amnesty International?

"Yes. There is moral and physical repression. At this moment."

Mr Oguzhan Muftuoglu and Mr Ali Baspinar, also alleged members of Dev Sol, refused to speak on torture allegations.

The fifth detainee collapsed and started whimpering before the interview, which took place on Tuesday. He was Mr Ulvi Oguz, an alleged member of the outlawed Communist Party of Turkey.

Colonel Raci Tetik, the prison director, who accompanied the journalists, said: "He is putting on a show." A correspondent said he wanted a doctor's opinion. The Colonel had the prison doctor fetched who said that Mr Oguz was suffering from "nervous collapse." He said this was common in Mamak.

Talking to correspondents afterwards, Col Tetik said: "This is a prison run by the army of Mustafa Kemal (Ataturk, the founder of modern Turkey). Absolutely nothing is done here to hurt human rights."

Cockerill-Sambre steel giant becomes political powder keg, writes **Giles Merritt** in Brussels

Belgian industrial crucible nears boiling point

BELGIUM WAS a crucible of the industrial revolution in Europe, so it is scarcely surprising that its steel industry should not only be disproportionately large, but also of crucial importance to the future of the EEC steel industry as a whole.

Belgian industry only consumes some 20 per cent of a domestic steel output running at 12.3m tonnes a year—which compares handsomely with the UK's production of about 15m tonnes. The country is also under heavy pressure from other EEC states to make reductions to help ease the Community's critical overcapacity in steel.

To make matters worse, the Belgians are widely regarded as super-subsidisers of their steel industry, and therefore accused of using taxpayers' money to safeguard their large shares of other EEC countries' steel markets. To top it all, they are also under investigation by the European Commission for alleged breaches of the EEC steel regime's rules governing prices and output. In several instances, Belgian steelmakers have failed to notify Brussels of cash grants and investments which will swell their production capacity.

The crisis now surrounding Belgian steel is perhaps best illustrated, though, by the militant scenes which recently shattered the staid dignity of the Commission's Berlaymont building in Brussels. Charabanc convoys filled with irate steelworkers from Liege and Charleroi converged on the Commission and a handful of the 5,000 odd protestors invaded the building in defiance of a cordon of armed riot police to express their grievances over 5,000 prospective job losses.

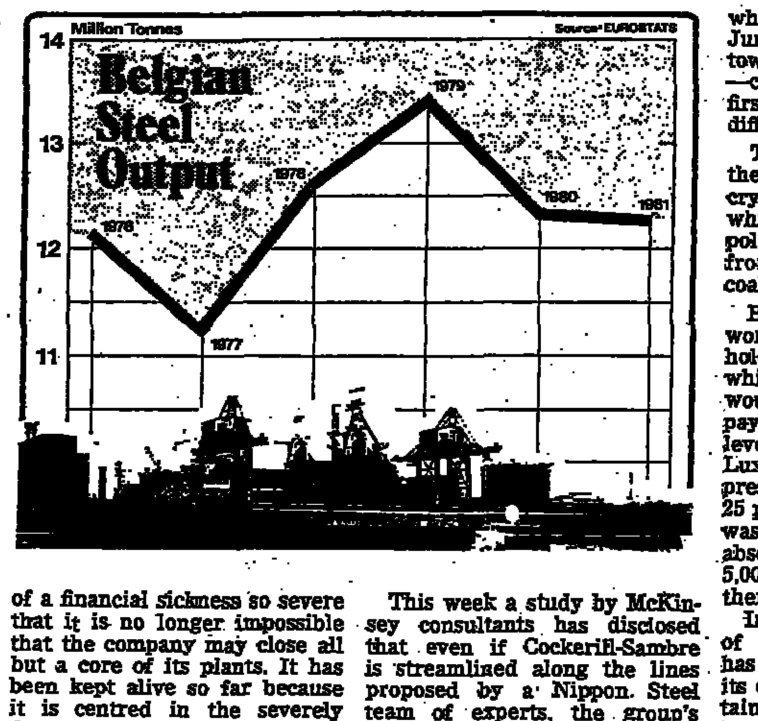
By unhappy coincidence, the object of their fury was Viscount Etienne Davignon, Belgium's own EEC Commissioner, who for the last five years has held the industry portfolio and has been the author of successive plans aimed at restoring health to the steel industry. His restructuring programme for the Community's steel industries, which is directed at plant closures and pruning payrolls, is being blamed by many of the Belgian steelmen for the job losses now beginning to loom.

M Davignon's retort at the end of last week was that without his anti-crisis disciplines, Belgian steel producers would now be considerably worse off. Had the EEC steel market collapsed under the pressures of overproduction, the Belgian steelmakers' annual domestic sales would theoretically have been reduced to less than 1.5m tonnes, he argued.

At present, the Commission is involved in a wrangle over the unauthorised installation of a new hot rolling mill in Charleroi, but that row is just a new detail in a much more fundamental conflict.

Belgium's giant state-owned steel producer, Cockerill-Sambre, is now in the throes of a financial sickness so severe that it is no longer impossible that the company may close all but a core of its plants. It has been kept alive so far because it is centred in the severely depressed industrial region of Wallonia and is thus a political powder-keg which conceivably could blow the Dutch-speaking Flemish and French-speaking Wallon halves of Belgium apart.

If Cockerill-Sambre went under, not only would 25,000 direct jobs in Wallonia be lost, but a further 75,000 livelihoods in the region which are indirectly tied to steel would add to unemployment levels already described as "catastrophic."



This week a study by McKinsey consultants has disclosed that even if Cockerill-Sambre is streamlined along the lines proposed by a Nippon Steel team of experts, the group's losses will by 1985 still be running at the same debilitating BFr 7bn (£885.5m) a year chalked up in 1981. Furthermore, it has been estimated that the total cost of re-equipping and modernising Cockerill-Sambre, to make it truly competitive with other European steel producers, will amount to BFr 90bn over the next 10 years or so.

Before any of the structural defects of Cockerill-Sambre—which was created only last June and groups the rival steel towns of Liege and Charleroi,—can be tackled Belgium must first settle its internal political differences over steel.

The preservation of jobs in the group has become a rallying cry for the Parti Socialiste which dominates Walloon politics, but has been excluded from the new Centre-Right coalition Government.

By the same token, the steelworkers' trades unions are holding out against wage cuts, which over a period of years would bring Cockerill-Sambre pay packets down to the same level as those paid by, say, Luxembourg's Arbed, from their present position of being some 25 per cent greater. The natural wastage and sackings of chronic absentees which would trim 5,000 jobs by the mid-1980s therefore remains frozen.

In crude terms, the situation of Cockerill-Sambre is that it has to date contrived to have its cake and eat it. It has maintained employment while receiving both EEC and Belgian subsidies intended to accelerate restructuring. It is a situation which nobody—EEC partners, the Belgian Government, the Commission and Cockerill-Sambre itself—considers tolerable for much longer.

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Portuguese abortion row

BY DIANA SMITH IN LISBON

A DRAFT BILL sponsored by the Communist Party calling for legal abortion has created a furore in predominantly Roman Catholic Portugal.

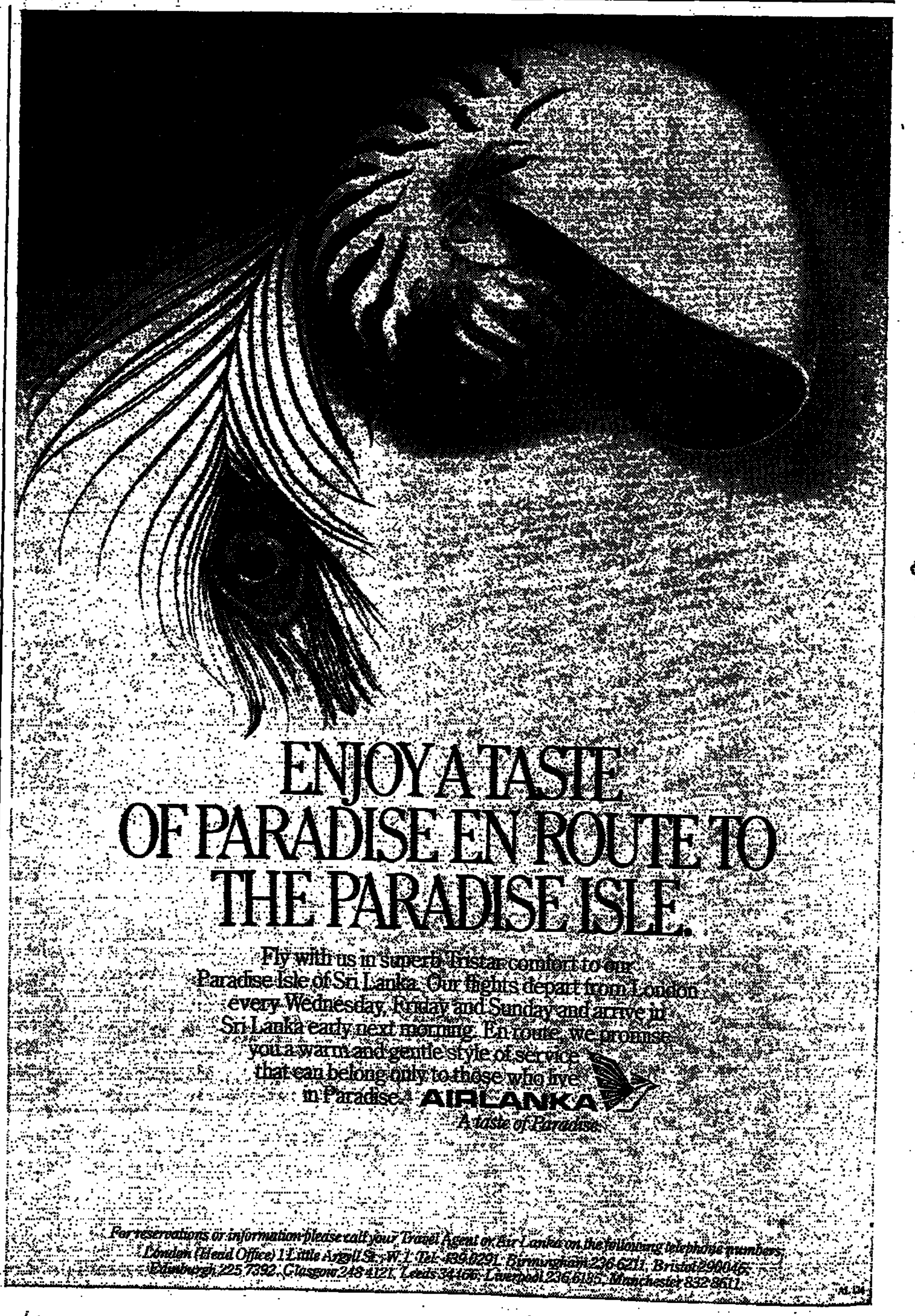
The matter is so controversial that it is affecting the threadbare fabric of the ruling alliance of Social Democrats, Christian Democrats and Monarchists.

It is understood that several Social Democrat deputies might support the Bill, even if it is sponsored by the Communists—as long as balloting is secret.

This would be totally unacceptable to the Christian Democrat partners in the alliance and particularly damaging in a year when the coalition must face local elections.

Reaction to the proposals by the Catholic hierarchy has been particularly violent in the traditionally more Conservative north where the outspoken Archbishop of Braga appealed for women not to be turned into "living cemeteries" nor hospitals into "legalised slaughter-houses."

There are probably 200,000 illegal Portuguese abortions a year, made in unsanitary conditions, or self-inflicted.



EUROPEAN NEWS

Giscard poised to make comeback

By David White in Paris

M VALERY GISCARD d'Estaing is poised for a modest return to the thick of French political life in next month's cantonal elections, 10 months after failing in his attempt to secure a second term as President of the Republic.

The 56-year-old ex-President chose the town hall in Chamalieres, outside Clermont-Ferrand in the central Auvergne region, to make the official announcement of his candidature yesterday. It was here that he announced in 1974 that he was running for President.

His presence will add interest to the ballot, taking place in two stages on March 14 and 21, to determine half the seats in France's departmental assemblies.

The election is traditionally based on local personalities. But it has gained importance this year because of the decentralisation law, which gives to the assembly presidents the executive powers that up to now have belonged to government-appointed prefects.

M Giscard is standing in one of 186 new cantons created by the Interior Ministry in what opposition politicians have called blatant gerrymandering.

In this case, the opposition candidate has a head start. Although he used to represent another canton in the local assembly, this was his parliamentary constituency from the outset of the Fifth Republic in 1958, and he was major of Chamalieres before becoming President. In last year's elections, he polled 65 per cent.

To help him, the neo-Gaullist RPR, which played its part in his downfall, has said it will not put up a candidate, leaving the former head of state to fight a Socialist doctor and a Communist researcher.

After lying low for months, M Giscard's name has resurfaced in public statements and two recent interviews.

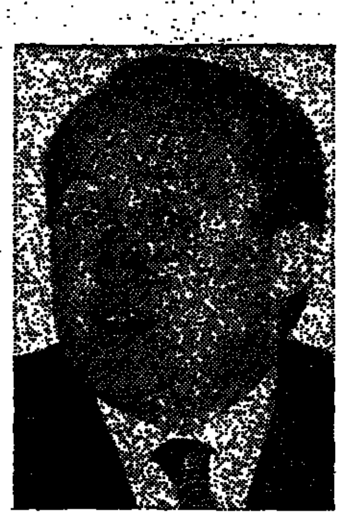
EEC attempt to lower prices of some tobaccos

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN *Commission* yesterday reaffirmed its aim of boosting competition between the multi-national tobacco companies to lower the price of some brands.

Mr Christopher Tugendhat, the EEC's Commissioner for taxation policy, said yesterday that the Commission was concerned only with the structure of tobacco taxes. Their levels would remain a matter for national governments.

Mr Tugendhat was presenting a report which the Commission has been required to produce by *the European Parliament.* In return, the Parliament is due to deliver an opinion on the *Commission's* June 1980 proposal for a third stage towards harmonisation of tobacco tax structures.



Christopher Tugendhat

The Parliament is apparently dubious about the path the Community has been following with two previous harmonisation measures in 1973 and 1978. These doubts are held even more strongly by the tobacco industry, which sees serious flaws in the Commission's attempt to establish a common ratio between *so-called specific and ad valorem* taxes.

Specific taxes, heavily favoured in Ireland, the UK, West Germany and Denmark, levy monetary amounts per cigarette or weight of raw tobacco. *Ad valorem* taxes are a percentage of the retail price.

According to the Commission, specific taxes produce a narrow price range for cigarettes to the benefit of the more expensive brands, while *ad valorem* taxes broaden the price range to the disadvantage of the quality smoke.

Mr Tugendhat said yesterday that the effect of the Commission's proposals would be to increase competition by steering a middle course. This would give price advantages to such French brands as Gauloises and Gitanes in the British, Irish and West German markets, and on Anglo-American brands, such as Marlboro and Benson and Hedges in France and Italy.

The Commission is aiming at a tax ratio of 20 per cent specific and 80 per cent *ad valorem.* Its June 1980 proposals are a staging post to this objective by setting a range for specific taxes of between 10 and 35 per cent of total tax.

The Commission's report rules out alternative approaches. Mr Tugendhat accused tobacco companies of wanting to minimise competition by maintaining specific taxes at not less than 40 per cent of the total.

"Their attitudes are not far removed from the practice leading BL to sell cars in the home market at prices far higher than they charge abroad," he said.

The report shows that spending on tobacco in the UK as a percentage of total consumer spending dropped from 4.6 per cent to 3.3 per cent between 1970 and 1980. This was still the highest proportion in the EEC and compares with 2.5 per cent in the Netherlands and 1 per cent in France.

Jaruzelski urges end to rifts in party

By Christopher Bobinski in Warsaw

THE POLISH Communist party's first central committee meeting since the introduction of martial law was told yesterday that the time had come for an end to rifts in the party.

The warning came from General Wojciech Jaruzelski, the Polish leader.

He again defended the decision to introduce martial law and attacked the West for its stance on developments in Poland. According to summaries of the 68-page speech delivered to the meeting, which continues today.

Gen Jaruzelski, who is not only party leader but also head of the government and chairman of the military council, reiterated earlier pledges that martial law restrictions would be eased.

He appealed for unity in the country and repeated the well-know slogan used by the Solidarity underground: "The winter is yours, but the spring will be ours." In answer, the general told the 200-member committee: "The spring won't either be yours or ours, it will be Polish and socialist."

He attacked the U.S. for putting pressure on its allies to strengthen sanctions and attacked the activities of Western radio stations.

He said that before the introduction of martial law events in Poland had been a "detonator" and a "hotbed of tension" and could have meant the end of peace in Europe.

He said there were prospects for an improvement in the economy, but he emphasised the negative effects of Western economic credit restrictions. The general repeated that trade unions must respect the Socialist state and the leading role of the party.

Romania in debt talks with West

BY JONATHAN CARR IN BONN

ROMANIA IS to hold talks with eight Western banks in Frankfurt today as part of its effort to reschedule about $1bn (£545m) of foreign debt.

The discussions follow contacts on the debt last month between Bucharest, the banks and the International Monetary Fund (IMF). They come amid signs of growing doubts about Romania's creditworthiness.

Last weekend it was announced in Washington that President Ronald Reagan would block a $65m Government-backed loan to Romania. This followed advice from the U.S. Treasury that Bucharest would probably be unable to repay.

That step in turn followed the decision of the IMF to stop lending to Romania last November, because of doubts about Bucharest's financial position and domestic economic policies.

In Bonn yesterday, a Government answer to a parliamentary question spoke of Western claims on Romania amounting to more than $1bn at the end of 1981, and stressed that payment was presenting "major difficulties."

The Government added that, apart from Romania and Poland, it had no evidence that a concrete lending risk existed with respect to other East European trading nations.

On Poland, the Government said West German credit guaranteed by the state and amounting to about DM 1.4bn (£333m) would fall due in the course of this year. It has already been revealed that the Finance Minister has tucked away about DM 1bn in the 1982 budget to provide for this risk.

Bonn also revealed that total net East European indebtedness to West Germany in mid-1981—the latest date for which exact figures are available—amounted to DM 18.6bn. Of that sum, DM 11.8bn was domestic German bank credit. A further DM 1.7bn credit was provided by the foreign branches of West German banks. Figures for the lending of foreign subsidiaries of German banks to East Europe were not available.

Reuter adds: In a telex to leading Western banks, the Romanian Foreign Trade Bank stated: "A number of alternatives are under consideration for a restructuring of Romania's convertible currency debt so as to facilitate the smooth operation of Romania's foreign currency budget with consequent benefit for all those engaged in foreign trade with Romania."

According to bankers, Romania is behind with up to $1.2bn of payments due last year, of which about $800m is in the form of supplier credits. They say repayments due this year on all foreign loans may total about $1.8bn.

Yesterday's message from the Foreign Trade Bank did not mention figures, but said relevant information was "being prepared with the assistance of the IMF staff and is being made available to the group of banks."

Today's talks in Frankfurt are to be hosted by Deutsche Bank.

Strauss aims to break coalition

BY JAMES BUCHAN IN BONN

HERR Franz Josef Strauss, the West German opposition leader from Bavaria, yesterday renewed his efforts to drive a wedge between the two parties of the ruling coalition Government.

At the traditional Ash Wednesday rally of his Christian Social Union Party at Passau, Herr Strauss reserved his venom for the Social Democrat Party, the major partner in the coalition.

This confirms the impression of recent weeks that the opposition is seeking to prise the Free Democrat Party away from its ally in a year when four regional elections could bring serious problems—if not collapse—for Chancellor Helmut Schmidt's coalition.

Herr Strauss's one-sided attack coincided with an editorial in his newspaper, the Bayern Kurier, stating that a break-up of the coalition was now inevitable.

"It is now only a matter of fixing a date," the newspaper said.

The Ash Wednesday rally is traditionally an occasion for sore heads and intemperate language after the excesses of the pre-Lent carnival in Bavaria.

The SPD, according to Herr Strauss, was dismantling the economy and was a party of "crack-pots," failures and half-baked pseuds." As for the Chancellor, he had lost all credibility.

Herr Strauss is expected to increase his huge majority at the Bavarian elections in October.

His Christian Democrat Party allies are almost certain to hold on to Lower Saxony in the first of the regional elections on March 21. This is despite a major campaign by the SPD leaders to embarrass Herr Ernst Albrecht, the CDU Prime Minister in Hanover, over a regional unemployment rate which is the highest in West Germany.

In the Social Democrat-controlled city state of Hamburg, which goes to the polls in June, support for the SPD has been dwindling since the early 1970s. But it is in Hessen at the end of September that the coalition will have to fight not only for its own life but for the life of the Government in Bonn.

Should the CDU candidate in Hessen, Herr Alfred Dregger, secure an absolute majority, the opposition will then have a two-thirds majority in the Bundesrat, or Upper House, in Bonn and the ability to block all legislation.

Military drill for teenagers in E. Germany

By Leslie Colitt in East Berlin

EAST GERMANY has begun a week of intense military instruction for children and teenagers in an attempt to combat the growing attraction of the peace movement.

East German children are taking part in para-military exercises of the Young Pioneer Organisation, while the Free German Youth Movement is staging military preparedness meetings throughout the country. The theme of the massive attempt to instil pride in the armed forces is "peace must be defended—peace must be armed."

The campaign follows an appeal by the loosely organised East German peace movement for the removal of nuclear weapons from both East and West Germany.

OVERSEAS NEWS

Zaire faces crisis over foreign debts

BY MICHAEL HOLMAN

ZAIRE FACES a major economic crisis as a result of its inability to meet the performance criteria of the SDR 912m (£560m) three-year International Monetary Fund programme agreed last June.

Despite rescheduling of part of the country's $4.5bn external debt in July last year at the Paris Club meeting of western Government creditors, arrears by the end of 1981 reached $120m, western bankers say. It is also certain that Zaire will be unable to meet all its contractual debt service during 1982.

In addition to the $120m arrears, debt service commitments this year are around $530m but only $200-250m is likely to be available because of lower than forecast export receipts.

Zaire, which has drawn SDR 175m under the agreement cannot make further drawings because it is unable to meet the IMF's performance criteria. SDR 100m and SDR 65m were originally due at the end of September and December respectively.

"An enormous crisis is looming," one banker said. The IMF programme—its second largest in Africa—was the key component of a three-part package involving the World Bank chaired consultative group and the Paris Club which was arranged in June and July last year.

The package assumed that export receipts — Zaire is the world's largest producer of cobalt and industrial diamonds, and seventh largest producer of copper—would exceed $1.9bn in 1981. Actual receipts last year are put at $1.5bn due to the lower than expected prices for the three minerals which account for over 60 per cent of export earnings.

Despite arrears in payments on debt servicing last year, external commitments consumed 27 per cent of Zaire's export receipts. One consequence is that industry, already operating below half its capacity, remains short of spare parts and equipment.

"A radical solution to Zaire's debt problem is now needed," one banker said yesterday, "involving all the creditors including the banks themselves." But this is likely to involve the issue which creditors have so far resisted—rescheduling of already rescheduled debts.

This now seems inevitable. Over $300m of the $530m due in debt payment this year involve previous Paris Club reschedulings. In addition, nearly $100m is due to uninsured bank and commercial creditors, most of which is the result of reschedulings which have taken place since 1980.

Representatives of Zaire's central bank have been explaining their country's predicament to creditors. Limited short term relief may be in sight. Zaire has applied for assistance under the IMF Compensatory Financing Facility, and this could exceed $100m.

President Mobutu's Government is also seeking to reassure creditors that the marketing of copper and cobalt by Sozacom, the state owned agency whose performance has been criticised, will come under closer scrutiny.

Emergency aid for Sudan

WASHINGTON—The U.S. and a number of European, Asian and Middle Eastern countries have put together a massive emergency financial aid package for Sudan to help it overcome severe economic problems, monetary sources said yesterday.

They said the International Monetary Fund will shortly announce its approval of a $225m short term loan for Sudan and noted that a number of countries have put together an additional $350m to $400m in bilateral assistance.

The sources declined to specify what countries, beyond the U.S. and Saudi Arabia, were involved in the programme.

Reuter

Autonomy gulf yawns in Cairo talks

BY ANTHONY McDERMOTT IN CAIRO

EGYPT and Israel are clearly as far apart as ever on the basic issues of Palestinian autonomy after talks between Mr Yitzhak Shamir, Israel's Foreign Minister, who arrived in Cairo on Monday, and Mr Kamal Hassan Ali, his Egyptian counterpart.

Mr Ali said yesterday: "There are differences in views between us in connection with several vital subjects concerning the final settlement of the Middle East problem as a result of the different interpretations of what was agreed upon at Camp David."

Two issues have become contentious. One is long-standing and the other has become pressing because of the timing of Israel's final withdrawal from Sinai on April 25.

The nub of the disagreement is the status of the Palestinian self-governing authority. Israel is prepared to grant it only administrative rights which would enable it to act, at best, as a local council without any political power.

Egypt, on the other hand, sees this authority—with east Jerusalem or at least its Arab citizens as part of it—as becoming the heart of a future Palestinian political entity, which Israel wants to avoid at all costs.

The second point is that Israel is worried that, with Sinai withdrawal complete, it will no longer be able to bring any pressure on Egypt over the autonomy talks, nor have any power to prevent Egypt's gradual reintegration into the Arab world. Thus Israel has been pressing for a declaration of principles on Palestinian autonomy to be accepted by Israel, Egypt and the U.S.

By contrast, Egypt has been saying that the area under discussion is the ultimate responsibility of the Palestinians and not Egypt. It has also said it does not want to be burdened by a declaration of principles which might hamper its return to the Arab fold.

Hence, the autonomy talks have dragged on with both sides mouthing as Mr Ali did, statements like: "Nevertheless we are most convinced that we can reach peace and adhere to the historical achievement we have been able to accomplish through constructive and fruitful dialogue alone."

While this may be true of bilateral negotiations, they hardly conceal the fact that on autonomy, all that has been achieved is agreement on the topics to be discussed and nothing of substance. In short it has become a protracted battle between the lawyers of both sides over commas and colons.

Talks on autonomy for the Palestinians on the West Bank and in the Gaza Strip have been proceeding inconclusively since the spring of 1979. Indeed, the U.S. has now sent its third presidential special envoy to the region in Mr Richard Fairbanks, who succeeded Mr Robert Strauss and Mr Sol Linovitz.

He left Cairo on Tuesday after also visiting Israel on what he described as "a learning trip." His mission would seem to have had no success.

Mr Shamir was in Luxor and Aswan yesterday seeing the sights. He is due to see President Hosni Mubarak, who has recovered from a cold which caused him to cancel his engagements, to fix the date for the President's first visit to Israel.

Mr Yitzhak Shamir: to see Egypt's President

Smith faces party defections

By Our Salisbury Correspondent

IAN SMITH'S Republican Front party which holds all 20 white seats in the 100-member House of Assembly in Salisbury was yesterday reported to be facing possible disintegration as several white MPs considered leaving the party and sitting as independents or quitting politics altogether.

The RF, which ruled Rhodesia from December 1962 until the internal settlement elections of 1979, has been the target of strong attacks by Ministers who have criticised the white electorate for continuing to support "recalcitrant" elements.

The former Justice Minister in Mr Smith's Cabinet, Mr Cris Andersen, said this week that he and others were considering leaving the party because they felt they could do a better job for their constituents as independents.

Mr Smith told reporters that the party was split on future tactics, but that he strongly believed in maintaining white unity. "There is a stronger desire among the whites to be united because we are facing big problems," he said.

The future of the party will be discussed at a parliamentary caucus meeting next week.

India heads for record deficit

BY K. K. SHARMA IN NEW DELHI

INDIA could be heading for a record current account deficit in the fiscal year ending next month. According to the annual economic survey, presented to Parliament yesterday by Mr Pranab Mukherjee, Finance Minister, the country's foreign exchange reserves fell by Rs 12.92bn (£760m) in the 10 months ending in January, to Rs 33bn.

The fall in reserves, despite drawings of Rs 6.37bn from the International Monetary Fund, has averaged Rs 1.93bn a month and, if the trend persists, the 1981 current account deficit could widen to a record Rs 24bn (£1.4bn).

It was obviously in anticipation of the deterioration in the balance of payments that the Indian Government took a three-year loan of 5bn special drawing rights from the International Monetary Fund last year.

A major part of the economic survey is devoted to balance of payments problems, especially as the trade deficit in 1981-82 is expected to be more than Rs 50bn for the second year.

The survey says that to finance the deficit, it is necessary to increase recourse to foreign borrowings from official as well as commercial sources on terms that are much harder than in the past. This trend is expected to continue, with obvious implications for the country's debt-servicing burden in the medium term. The situation is exacerbated by the warning that earnings from invisibles (mainly remittances from Indians working abroad) will drop.

Nevertheless, the survey notes that "in terms of short-term management, the performance of the economy has been highly satisfactory." Gross national product in 1981-82 is expected to rise by 4.5 per cent because of an increase in agricultural production of 3 per cent and industrial production of 8 per cent.

These come after an increase in GNP of 7.5 per cent in 1980-1981 and so the average growth rate in the first two years of the sixth five-year plan (1980-1985) is significantly higher than the annual target of 5.2 per cent.

A major achievement is the marked deceleration in inflationary pressures. Wholesale prices rose by just 5.4 per cent in the 12-month period ended January 15.

Third World backs co-operation

BY OUR NEW DELHI CORRESPONDENT

FORTY-FOUR Third World countries yesterday ended consultations in New Delhi aimed at strengthening co-operation. They agreed that the developed countries ought to resume the stalled global negotiations promised at the Cancun summit last year.

The conference, called by India's Prime Minister, Mrs Indira Gandhi, to formulate a strategy to secure resumption of North-South dialogue, took no decisions but agreed that the Group of 77 (now over 120, in fact) Third World countries should take up the proposals made at New Delhi. The hope is that this will bring the "South" countries closer and compel them to take a united stand against the "North" as well as to co-operate among themselves.

There was unanimity that South co-operation would help in promoting individual and collective self-reliance, but that this was not a substitute for North-South economic co-operation, nor could it relieve the industrialised countries from their responsibilities towards the developing countries.

Thais storm Communist stronghold

By Kathryn Davies in Singapore

THAI military authorities say their forces have destroyed a Communist stronghold in southern Thailand and have inflicted heavy casualties.

The Thais say that Camp 508, in Surat Thawi province, containing up to 300 heavily armed guerrillas, about 600 miles south of Bangkok, was found after a three-month search. Thai forces found telephones, an electricity plant and a network of tunnels when they overran the camp.

According to Thai spokesmen, 100 Communist guerrillas were killed in the fighting for the loss of 16 soldiers killed and 72 wounded.

Up to 10,000 Communist guerrillas are operating in south, north and north-east Thailand.

Despite their internal schisms and repeated efforts by the armed forces to drive them out, difficult terrain and a remote central Government have so far combined to ensure that the Communists are still a force to be reckoned with.

The Communist Party of Thailand is largely Peking-oriented, although pro-Vietnamese elements are said to have been challenging the leadership.

ADB cuts soft-loan target by nearly $1bn

By Alain Cass, Asia Editor, in Manila

THE Asian Development Bank, the Manila-based multilateral aid body, has cut by nearly $1bn (£538m) its soft-loan target for the next few years.

This follows the refusal of the U.S. Administration to increase its proposed contribution for the replenishment of the bank's soft-loan account, the Asian Development Fund.

The ADB is used mainly to finance projects in the poorer countries of Asia at a nominal interest charge with repayment periods of up to 40 years.

The original target for the third replenishment of the ADB for 1983-86 was $4.1bn. This has now been cut to $3.2bn. The U.S. contribution would be 22 per cent of the total, though even that is in doubt.

The cash crisis for the developing world is compounded by the fact that the other major lending institution, the World Bank, is also drastically short of funds.

The ADB's talks with donor countries in Paris earlier this month was a big disappointment. Mr Masao Fujioka of the ADB said yesterday: "The figure offered by the U.S. in Paris was so low as to make meaningful negotiation impossible."

The meeting broke up without agreement. It is to be resumed in April. Mr Fujioka said the ADB would continue to exert pressure on the U.S. in the hope that it would increase its offer. He refused to say what the U.S. offer was.

Mr Fujioka added that the Reagan Administration's policy of major cuts in foreign aid represented a big change, but he hoped it would not be permanent. He was a warning, however, that unless developing countries were able to maintain their growth rates social unrest could develop.

The ADB is also being squeezed by the generally high level of world interest rates and is likely to raise the cost of its own lending of funds borrowed on the commercial markets.

ANOTHER FIRST.

TIME: 10.35 a.m.
DATE: February 19, 1982
PLACE: Renton, Washington
EVENT: 757 Inaugural Flight

The take-off was perfect. The flight was smooth and noticeably quiet. The landing: precise.

The 757 maiden flight marks another major step into the fuel-efficient era.

For instance, one 757 will save enough fuel in a single year to fly 186 people around the world 12 times.

Airlines throughout the world placed orders for 136 Boeing 757s, with options on another 71 jetliners, even before No. 1 ever left the ground.

These days, Boeing has a habit of being first.

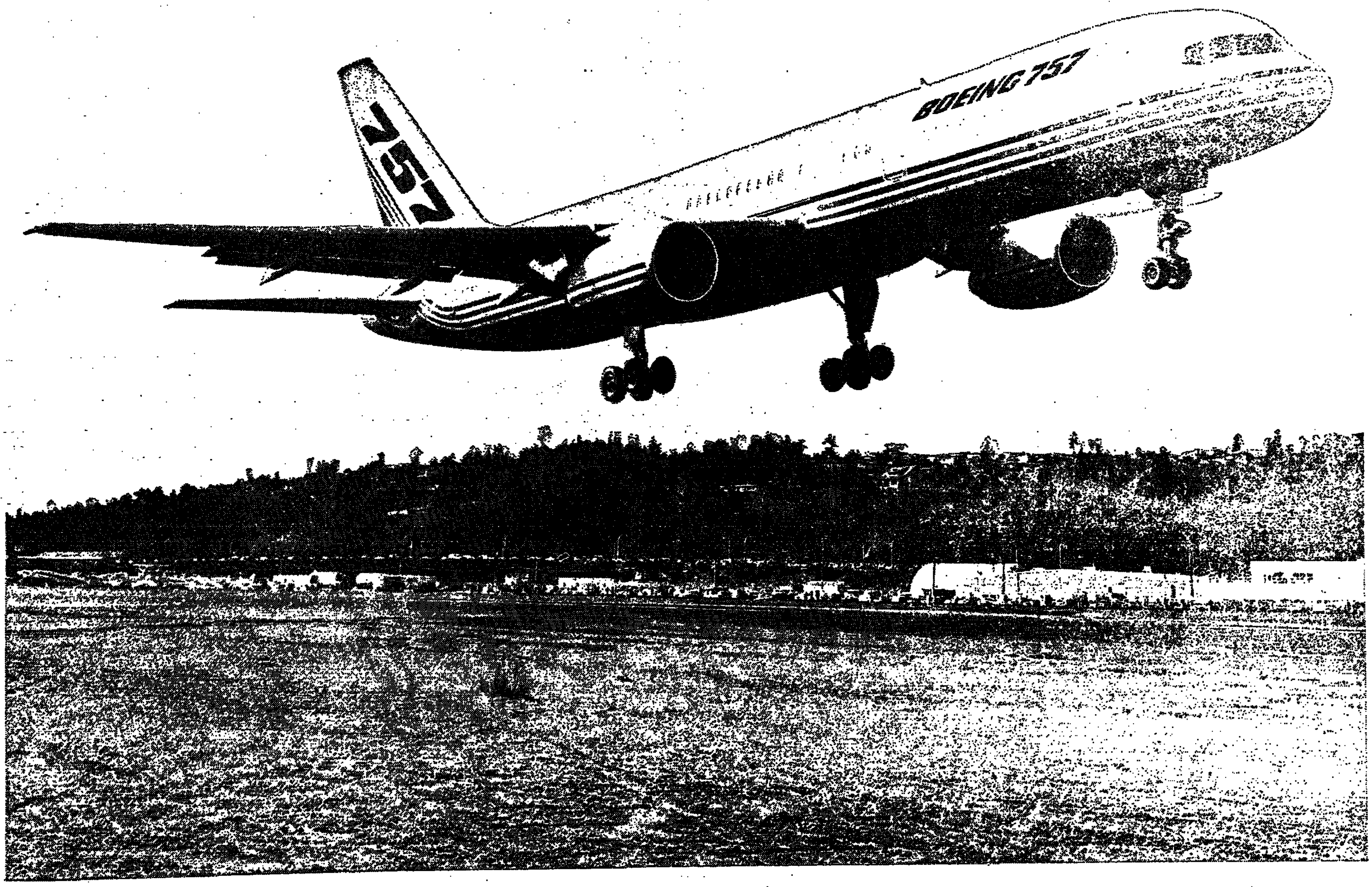
Just five months ago the Boeing 767, another fuel-efficient jetliner, made its inaugural flight. It is scheduled to go into commercial service in September. In early 1983, after rigid certification tests, the 757 will begin to fly passengers.

No other manufacturer has ever made such an enormous investment at one time in engineering skill, people-hours and money.

Soon this commitment will begin to pay off for airlines in new fuel economies.

In addition, it will mean consumers will continue to enjoy flying as one of the world's best travel values.

BOEING
Getting people together.



AMERICAN NEWS

Appeals for El Salvador talks resisted by U.S.

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE U.S. Government is firmly resisting mounting international appeals for negotiations to halt the war in El Salvador and is maintaining its initial unenthusiastic reaction to a peace plan launched on Sunday by President Jose Lopez Portillo of Mexico.

The Mexican leader, speaking in Managua, had called for talks on differences between the U.S. and Cuba and the U.S. and Nicaragua and on the worsening hostilities in El Salvador.

The U.S. State Department, repeating its claim that the Left-wing Government in Nicaragua was providing arms for the insurgents in El Salvador, said on Tuesday that any successful talks would only be possible when this alleged arms supply was halted.

The State Department has rejected Nicaraguan denials that it was supplying weapons to the Salvadoreans, but has provided no hard evidence to support its case of Nicaraguan complicity.

Washington's reaction to the López Portillo plan is likely to put further strains on an already touchy U.S.-Mexican relationship.

Disregarding Mexico's special relationship with Nicaragua, Mr William Middendorf, the U.S. representative at the Organisation of American States, has made a new verbal onslaught on the Managua Government.

In a speech at Jacksonville, Florida on Tuesday, he charged that Nicaragua's forces were "the largest ever seen in Central America," claimed that Nicaragua was becoming increasingly interventionist, and in a phrase which appears to presage new U.S. measures against Managua, declared: "There is a limit to how long we can tolerate such Nicaraguan actions."

For their part, the Salvadorean insurgents have offered new terms for an end to their increasing attacks on the Government.

Sr Héctor Oquelí, the Social Democratic foreign affairs spokesman of the Salvadorean Left, has declared in Mexico City that the guerrillas were seeking a coalition government that would guarantee genuinely free elections, an assured role for private enterprise in El Salvador, and "dignified relations" with the U.S.

The Left has relaxed the demand it was making at the end of last year that the forces of the Salvadorean junta, headed by President José Napoleón Duarte, should be "restructured."

It is now seeking the removal of only the senior commanders. Commenting on future Salvadorean foreign policy, Sr Oquelí said: "To ally ourselves exclusively with the Communist bloc would be collective suicide."

In Washington, Defence Department officials have said that a destroyer equipped with sophisticated listening gear is being kept on patrol off the coast of El Salvador.

The USS Deyo, which had been on station since January, has now been replaced by the USS Caron.

This was the first indication that U.S. Navy forces had been committed to the Salvadorean theatre.

Mexico imposes extra price curbs

By William Chislett in Mexico City

MEXICO yesterday slapped price controls on 47 products in a bid to contain the country's rising inflation rate following last week's devaluation of the peso.

Sr Jorge de la Vega, Commerce Minister, said price increases on items such as cars, butter and other foodstuffs, televisions and paper would be limited to 10 per cent over the next three months.

Their prices remain at the pre-devaluation level.

Car companies froze sales after the devaluation in the hope that they would be able to increase prices.

When the Bank of Mexico floated the peso against the U.S. dollar, the Government implied that further price controls might not be introduced.

Their introduction reflects the Government's concern that inflation will be greatly intensified this year and that trade unions may call for an extraordinary pay increase

Argentine car production could fall another 30%

BY OUR BUENOS AIRES CORRESPONDENT

THE SHARP decline in Argentine motor industry output, which fell in January to its lowest level in 16 years, is expected to continue this month.

Latest projections from ADEFA, the association of automotive manufacturers, indicate a further drop of 30 to 40 per cent this month.

In January, Argentine car output dropped by 30.3 per cent compared with December and by almost 60 per cent on a year before. The 9,986 units produced last month numbered only 51 more than in January 1966.

The fear now is that a sharp decline in February on the scale being forecast could take production down to its lowest level since the present series of historic statistics was begun.

Car component manufacturers are predicting an even worse decline than the manufacturers, suggesting that total vehicle output during the January-March quarter might not exceed 18,000. This would be almost 7,000 fewer vehicles than were produced in January last year alone.

Almost all the international motor manufacturing companies represented in Argentina—Ford, Volkswagen, the Peugeot-Fiat combine Sevel, Mercedes-Benz and Saab Scania—are cutting their output this month.

Only Renault appears to remain hopeful of boosting output and then by only 4.26 per cent from the low level seen in January, when production was 59 per cent down on a year earlier.

By contrast, Ford—the traditional market leaders with 35 per cent or more of total Argentine output in recent years—is expected to cut its output by 70 per cent this month after January's 32.5 per cent decline.

Ford, which last month lost its overall production lead—Renault drawing level with a 32.6 per cent share—has denied that it plans to integrate its Argentine operations with plants in Brazil.

The sharp drop in Argentine motor production is attributed to the Government's economic policy, which is blamed for curbing consumer purchasing power.

Sales fell by almost 40 per cent in January compared with December. At the same time, the removal of a favourable car sales tax cut by Sr Roberto Alemann, the Economy Minister, is said to have cut demand to a minimum.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1981							
1st qtr.	99.5	88.7	98	112.7	174.4	2,304	100
2nd qtr.	99.0	88.9	92	111.3	180.6	2,507	89
3rd qtr.	99.9	89.8	104	110.4	185.2	2,627	96
4th qtr.	100.5	89.7		111.1	225.3	2,758	104
July	99.7	89.4	101	109.7	185.4	2,582	92
Aug.	99.7	89.7	126	111.0	185.6	2,626	98
Sept.	100.3	90.4	87	110.6	184.7	2,673	97
Oct.	102.0	91.5	97	112.0	196.7	2,729	99
Nov.	100.3	89.8		111.0	210.9	2,764	104
Dec.	99.2	87.7		110.4	259.6	2,782	108
1982							
Jan						2,829	114
Feb						2,836	114

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
4th qtr.	94.3	91.6	117.1	86.6	71.0	77.2	10.1
1981							
1st qtr.	93.6	88.3	117.1	84.1	75.7	76.7	10.9
2nd qtr.	93.2	88.7	117.9	84.8	78.7	75.9	14.1
3rd qtr.	93.9	89.3	118.4	86.3	77.3	75.2	14.2
4th qtr.	93.8	89.1	121.3	85.8	82.3	74.5	11.7
July	94.0	89.0	118.0	86.0	77.0	75.0	14.5
Aug	94.0	89.0	118.0	86.0	76.0	76.0	12.5
Sept	94.0	90.0	119.0	87.0	79.0	75.0	15.4
Oct	95.0	90.0	124.0	87.0	86.0	75.0	13.4
Nov	93.0	89.0	121.0	85.0	83.0	75.0	14.1
Dec	93.0	88.0	119.0	85.0	78.0	73.0	7.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.6	111.8	+1,265	+2,114	+222	105.2	27.90
1981							
1st qtr.		107.0					28.34
2nd qtr.							26.73
3rd qtr.							24.26
4th qtr.	135.8	132.3	+748	+1,248	+705	99.8	23.35
Feb	121.7	114.3	+314	+755	+231	105.2	28.43
March		105.5					28.21
April		106.2					28.07
Sept	130.2	135.3	+ 13	+114	+290	100.0	23.70
Oct	133.9	126.8	+366	+532	+ 89	98.9	23.32
Nov	139.8	141.7	+51	+218	+214	100.2	23.46
Dec	133.8	129.0	+331	+498	+402	100.4	23.35
1982							
Jan							23.23

Trade figures for March-August not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
4th qtr.	8.8	20.2	11.2	+3,352	1,253	1,793	14
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	1,103	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,951	868	2,019	
4th qtr.				+2,184	422	1,980	
June	21.9	17.8	8.6	+1,164	371	674	12
July	14.2	17.2	19.8	+2,240	290	658	12
Aug	0.8	14.5	35.4	+1,246	244	659	—
Sept	9.7	22.8	34.3	+2,465	334	706	—
Oct	— 4.7	20.2	24.0	+1,557	154	681	—
Nov	7.6	17.3	20.4	+ 443	65	642	—
Dec				+ 184	203	657	—
1982							
Jan					356		

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.3	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.		237.3	229.2	306.5	285.6	248.97	89.7
July	207.6	233.0	222.2	297.1	279.6	275.81	92.5
Aug	210.4	236.8	224.1	299.3	277.3	257.64	91.2
Sept	211.7	237.9	225.9	301.0	279.6	260.83	88.0
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.3
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	216.8	236.8	230.5	308.8	288.5	248.97	90.8
1982							
Jan		238.7	232.9	310.6	296.1	252.94	91.1

* Not seasonally adjusted.

Strikes deliver setback to Jamaican economy

BY CANUTE JAMES IN KINGSTON

JAMAICA'S RECENT bid for economic recovery has received a sharp setback from the near collapse of its bauxite industry, one of the country's major foreign currency earners.

The sector has been devastated by a wave of strikes and low demand for bauxite from Jamaica, which is among the world's three top exporters and the main supplier of the mineral to the U.S.

Without taking the crippling effect of the strikes into account Jamaican bauxite mining last year fell 3 per cent below the 1980 figure of 12m tonnes. Reductions in mining and refining caused by the drop in world demand for aluminium led to forecasts of a production of 9.1m tonnes this year. With the strikes taken into account, the industry is now talking of 8.3m tonnes production for this year.

This means a loss of about $100m (£54m) to the Jamaican economy, already struggling under the burden of a trade deficit of $600m last year and a national debt of $3.67bn.

All this has diminished the lustre of the Government's notable feat in making the economy grow last year after nearly a decade of stagnation and decline.

Mr Edward Seaga, the Prime Minister and Finance Minister, said recently that gross domestic product (GDP) had grown by an estimated 1.5 per cent last year. In the previous eight years, GDP had contracted by a total of 18.5 per cent, with a 5.4 per cent decline in 1980 alone, the worst annual drop during that period.

Mr Seaga's administration was elected 16 months ago on promises to rebuild the economy. "The result of the first year since the change of government can almost be summarised in the fact that we have achieved growth for the first time in nine years," he said.

The industrial problems which have marred Mr Seaga's success — mainly achieved through increased international aid and a stimulation of private enterprise—originated with a disagreement between five U.S. companies operating in the Jamaican bauxite industry and the trade unions about the form and content of a new wage contract.

Workers at the Aluminium Company of America's (Alcoa) 550,000 tonne refinery in central Jamaica walked off their jobs last month in protest against the protracted negotiations, forcing the plant to close. Workers at the Aluminium Company of Canada's (Alcan) two plants went on strike earlier this month. The company closed the refineries which have a combined capacity of 1.1m tonnes.

This left only one Jamaican refinery working, owned by the Kaiser, Reynold and Anaconda companies.

For more than a month, a government team led by Mr Hugh Shearer, the deputy prime minister and one of the islands more experienced trade unionists, tried to bring the unions and the companies closer. Mr Shearer resolved the dispute last week and a new wage contract, costing the companies $33m over three years is in place. It is not known yet, however, when the refineries will be reopened.

The bauxite industry is not the only area of the economy in trouble. Tourism, which alternates with bauxite as Jamaica's biggest foreign currency earner, declined by an estimated 1.4 per cent last year. Agricultural exports — mainly sugar and bananas to the UK — failed to meet even moderate targets, which were repeatedly revised downwards.

The light in all this economic gloom has been growth in sectors such as domestic agriculture, distribution and construction. At the same time, the chronic shortage of foreign exchange which characterised and impeded the economy in the late 1970s has been eased, with the economy being buoyed up in the current financial year by just over $1bn in foreign loans.

This also helped the private sector, which had been expecting much from Mr Seaga's policies in favour of private enterprise. According to the Jamaican Manufacturers' Association, productivity as a whole grew last year by 16 per cent.

Although Mr Seaga's Administration may have had reason to feel a sense of achievement and be encouraged by last year's estimated growth, the effect of the strikes in the bauxite industry may now make Mr Seaga feel that the state of Jamaica's economy now is that of something good gone slightly rotten too soon.

Alternative budget plan for President

By Anatole Kaletsky in Washington

FOR THE first time since the controversy over President Ronald Reagan's 1983 budget proposals began a fortnight ago, the White House has expressed interest in a specific alternative to the President's budget.

A White House official said yesterday that Senator Pete Domenici, the Republican Chairman of the Senate budget committee, had presented "a good-faith effort to come up with a comprehensive alternative" (to the President's budget), and that the Administration would "take a closer look at it before offering any comments."

The comments offered by the official — Mr Pete Roussel, Deputy Press Secretary responsible for economic affairs—were a good deal less critical than the unmitigated rejections of previous alternative proposals.

Mr Domenici's plan, whihc is being taken seriously in the White House, partly because he is a normally loyal Republican with what is arguably the greatest influence in the Congress ove rthe budget process, would involve a freeze on most non-defence outlays.

It would also involve a reduction in the defence spending plan which would allow 5 per cent real growth, but still cut about $25bn a year from President Reagan's targets. Together with a series of tax increases, deficits would be reduced over the next three years by $246bn, compared with the deficit reduction of $210bn implied by President Reagan's programmes.

The key difference between the plans, however, is that Mr Domenici's does not assume various spending cuts in the President's budget that "may never get to first base," according to the Senator.

Instead, he has made clear that the programme of income tax cuts planned by the President could be stretched out over an extra year

Reuter adds from Washington: Mr Donald Regan, Treasury Secretary, said he believes consumer prices in January rose at about a 5 per cent annual rate, or maybe "a shade lower."

The figures for January will be released today.

Nato chiefs ask Canada for more troops

By Victor Mackie in Ottawa

MILITARY chiefs in the North Atlantic Treaty Organisation have asked Canada for more Canadian troops in Europe and indicated impatience with the pace of Canada's naval ship programme.

Gen Bernard Rogers, Supreme Allied Commander in Europe, said in Ottawa that he had asked Mr Gilles Lamontaine, the Canadian Defence Minister, to increase the size of the Canadian Brigade Group in Central Europe.

He suggested that Canadian forces be increased to 90 per cent of wartime strength instead of the current 50 per cent. There are about 5,000 Canadian servicemen now in Europe.

Mr Lamontaine refused to promise reinforcements for Europe, but said he would have "a tendency to endorse" a Canadian Senate sub-committee report that proposed the higher troop levels.

● The Canadian Government, in its annual estimates tabled in the House of Commons yesterday, reported it will spend more than C$7bn (£3.2bn) on defence in the fiscal year starting April 1.

That figure represents a C$1.1bn, or 19 per cent, increase over the spending in the current fiscal year.

BASE LENDING RATES

A.B.N. Bank	13½%	Robert Fraser	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡13½%
American Express Bk.	14 %	■ Guinness Mahon	13½%
Amro Bank	13½%	■ Hambros Bank	14 %
Henry Ansbacher	13½%	Heritable & Gen. Trust	14 %
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	14 %	C. Hoare & Co.	†14 %
Banco de Bilbao	14 %	Hongkong & Shanghai	13½%
BCCI	14 %	Knowsley & Co. Ltd.	14½%
Bank Hapoalim BM	14 %	Lloyds Bank	13½%
Bank Leumi (UK) plc	14 %	Mallinhall Limited	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank Street Sec. Ltd.	15½%	Midland Bank	13½%
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14 %	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½%	National Westminster	13½%
Barclays Bank	13½%	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	15 %	E. S. Schwab	14 %
Brit. Bank of Mid. East	13½%	Slavenburg's Bank	13½%
■ Brown Shipley	14 %	Standard Chartered	‖14 %
Canada Perm't Trust	14½%	Trade Dev. Bank	14 %
Castle Court Trust Ltd.	14½%	Trustee Savings Bank	13½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14 %
Cayzer Ltd.	14½%	United Bank of Kuwait	13½%
Cedar Holdings	14 %	Whiteaway Laidlaw	14 %
■ Charterhouse Japhet	14 %	Williams & Glyn's	13½%
Choulartons	14½%	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶14 %	Yorkshire Bank	13½%
Clydesdale Bank	13½%		
C. E. Coates	14 %		
Consolidated Credits	14 %		
Co-operative Bank	*14 %		
Corinthian Secs.	13½%		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	13½%		
Eagil Trust	13½%		
E.T. Trust	14 %		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.

† 7-day deposits on sums of:—under £10,000 11¼%. £10,000 up to £50,000 12¼%. £50,000 and over 12¾%.

‡ Call deposits £1,000 and over 11%.

‖ 21-day deposits over £1,000 13%.

§ Demand deposits 12%.

¶ Mortgage base rate.

WORLD TRADE NEWS

Biffen talks of grave threat to open trading system

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

MR JOHN BIFFEN, the UK Trade Secretary, yesterday sought to pull the major Western trading powers away from their preoccupation with trading disputes to a realisation that "present tensions represent the gravest threat to the open trading system in the post-war era."

He cautioned against seeking to isolate Japan further by waging a trade war, particularly as he put it, when the EEC is "still trying to defuse the increasing points of trading conflict between the EEC and the U.S."

The implication of a speech he made last night to the Bow Group in London was that although the UK would maintain pressure on Japan for a moderation of its trading policies, there could be no benefit from a slide into a trade war at the expense of maintaining the present international trading system.

Both the EEC and the US have become increasingly perturbed about the rising Japanese trade surplus, the targeted approach of Japanese exporting and the apparent reluctance of Japan to welcome foreign goods and investment from abroad.

But his concern about the general state of the trading system led him, in contrast to previous speeches by UK Government ministers to emphasise the positive aspects of co-operation with Japan.

"It is more sensible to work for changes in the Japanese public purchasing programme—towards the purchase of more foreign goods—and for Japanese acceptance of more foreign investment that to wage trade war.

More clearly worried about the drift towards protectionism in this speech than in previous observations, Mr Biffen said: "It is not in any sense to cry wolf to suggest that the political consensus that has sustained that (the open trading) system since the war is now very close to the point of breakdown."

Looking forward to the ministerial conference of the General Agreement on Tariffs and Trade next November he noted that "the preservation of even qualified free trade has become increasingly dependent upon the exercise of political will rather than any clear perception of economic benefit by growing numbers of domestic producers."

Mexico to go ahead on nuclear programme

By William Chislett in Mexico City

MEXICO HAS decided to go ahead with its ambitious nuclear programme as planned despite its economic austerity drive.

The Government is understood to have decided that the priority programme to try to instal 20,000 MW of nuclear capacity by the year 2000 should not be cut.

The programme is worth over $30bn (£15.7bn) in current terms. Tenders for the first stage, with a capacity of 2,300 MW, were submitted on February 1 by seven companies from five countries.

There were fears in the depressed international nuclear industry, which is eagerly chasing the Mexican contract, that Mexico would delay the programme.

Mexico announced a 3 per cent cut in its budget last week.

The cut follows the Mexican peso's plunge in foreign exchange markets when the Bank of Mexico decided to allow the overvalued currency to float freely.

Among companies pursuing the first contract at Laguna Verde are General Electric of the U.S., Framatome of France and Atomic Energy of Canada.

Italy's gas needs: a tale of two pipelines

BY JAMES BUXTON IN ROME

"NEGOTIATIONS WITH the Russians is a great deal easier than negotiating with our own Government," a weary senior executive of ENI, the Italian state energy concern, said recently. He was referring to the issue of the Siberian gas pipeline, on which the Italian Government is continuing to stall.

The Government is caught between two pipelines. The other would bring gas from Algeria and it is already complete as far as the Italian mainland but has not been used because of a dispute over prices. Daily, the ramifications in internal politics of the two issues become more complicated.

Italy needs more gas to meet rising energy consumption and to cut its heavy dependence on imported oil, as well as to make up for the expected future decline in existing sources of supply—during this decade from Italy's own gas fields and, during the 1990s, from the Netherlands. It is reckoned that an extra 12bn cubic metres a year will be needed by 1985, and a further 7bn to 10bn by 1990.

> ‘Opponents of the Soviet pipeline say the best alternative is to take even more gas from Algeria than the 12bn cu m already planned for by 1985 when the existing pipeline should be running at full capacity. But up to now, experience with Algeria has been unsatisfactory.’

Supplies from the much-discussed Siberian pipeline would make up the gap after 1985. Indeed Snam, the gas subsidiary of ENI, has already finalised an agreement with Soyuzgasexport, the Soviet agency, to take 8bn cubic metres. From 1985 at a price said to be $4.75 per million British thermal units (BTU) at the Italian border.

But Italy has not signed the agreement. Since shortly after the December clampdown in Poland, it had ordained a "pause for reflection" on the Soviet gas issue. This has less to do with Italy's energy needs than with the exigencies of governing with a five-party coalition.

The Socialists and Social Democrats oppose the Soviet pipeline, officially, on the familiar grounds that it will assist Soviet military spending, but, in reality, more because they wish to differentiate themselves from the opposition Communists, who helped to negotiate the pipeline deal.

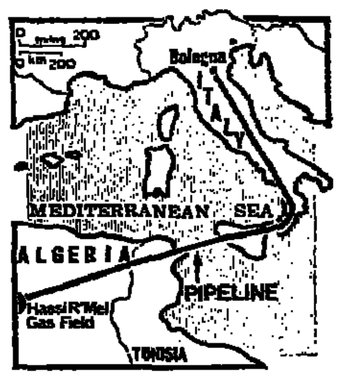
Even though the Government has indicated it does intend to take the Soviet gas there is little sign that internal politics are yet favourable to a signing soon.

Opponents of the Soviet pipeline say the best alternative is to take even more gas from Algeria than the 12bn cu metre already planned for by 1985 when the existing pipeline should be running at full capacity. Up to now experience with Algeria has been unsatisfactory.

The original agreement to build the 1,500-mile pipeline was signed in 1977. It will eventually reach Bologna in northern Italy where it will join existing networks. So far the $3bn project is complete as far as the Naples area, including the technically highly challenging stretch under the straits of Sicily.

The opening celebrations planned for last November never took place because Sonatrach, the Algerian state energy company, disowned the 1977 agreement under which the price was to be linked to a basket of competing fuels. Instead it sought parity with the price of a basket of crude oils. Instead of a price of $3.25 per million BTU at the Algerian border, Algeria asked for $6.11, and now is said to be asking for $5.10.

So far, Snam is understood to have offered only 15 per cent above the 1977 price, making $3.75. It argues that the price Algeria is demanding, to which must be added $1.20 for transit fees and royalities to Tunisia, would make the gas uneconomic to use in Italy.



About two-thirds of the investment in the pipeline project is Italian and Snam rejects the Algerian argument that this investment should simply be written off. It has to service foreign loans on it.

However, this negotiating position has been undermined by two factors.

First, France recently agreed to pay Algeria an fob price estimated at between $5.10 and $5.20 per million BTU. This is below the crude oil parity price but reckoned to be up to 20 per cent above the "market" price reflected by the fact that some 13.5 per cent of it will be paid directly by the French Government rather than by Gaz de France, its gas utility. At the same time, French companies are expected to be awarded FFr 12.5bn (£1.2bn) worth of Algerian contracts.

Much of the gas is destined for use in Sicily and the impoverished southern part of Italy, where it would be a big boost to economic development.

The delay in settling the price issue has led to growing protests from trade unions and some political parties, conscious of the possibility of early general elections.

In late January, as France was close to agreeing a price with Algeria, Italy appeared reluctantly to accept that it would have to pay Algeria more than what SNAM would consider an economic price. It was agreed that the Italian and Algerian Governments would become directly involved in the negotiations.

The Italian Government envisaged the possibility of making up the price paid to the Algerians in the form of trade credits and technical co-operation deals.

The trade issue has become vital because of the foothold French companies are expected to gain in Algeria. Negotiations on contracts, said to be worth about L500bn (£212m) between Italian companies and Algerian concerns are currently stalled while the impasse on the gas price remains, while Italian exports to Algeria had risen 58 per cent to L1,227bn (£526m) in the first 12 months of 1981.

Japanese in integrated circuit link with Italians

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

TOSHIBA Corporation has become the first Japanese company to transfer integrated circuit (IC) production technology to a foreign buyer as the result of an agreement signed with the Italian electronics components maker SGS-ATES.

Under the agreement SGS-ATES will obtain access to Toshiba production technology for integrated circuits of the complementary metal oxide type. It will be able to send its products anywhere in the world and will become a "second source" of Toshiba designed circuits.

Toshiba is among the largest Japanese manufacturers of integrated circuits in terms of overall output. However, it has become a world leader in the development of chips of the complementary metal oxide type whose applications range from watches to computers and communications equipment. It claims a 95 per cent share of the world market for oxide 16 kilobit static ram memories.

Heavy dependence on a single supplier for these and other specialised types of k-rams has been causing "anxiety" to some electronic equipment manufacturers the company believes.

Toshiba was approached a year ago for talks on a know-how transfer by SGS-ATES after the Italian company had decided to branch out into chips for computer and telecommunications use (its traditional expertise is in consumer related ICs). SGS-ATES is the only Italian integrated circuit manufacturer and is a member of a group controlled by IRI, the Italian Government holding company.

Toshiba's achievement in becoming the first Japanese maker to transfer technology to a foreign company contrasts with its relative slowness in becoming involved in overseas manufacture or assembly of integrated circuits.

Unlike Hitachi, Fujitsu and Nippon Electric, the other industry leaders, it has yet to announce any plan for building a European manufacturing plant.

The company says it is "investigating" the case for producing ICs in Europe but has yet to decide on a location or on whether it should establish a subsidiary or organise a joint venture.

Semiconductor output will not be reduced

BY OUR WORLD TRADE STAFF

JAPAN'S electronics industry said yesterday it would not reduce production of semiconductors or restrict exports to the U.S. where it has been criticised for excessive market penetration.

The Japan Electronic Industries Association said Japan had about 70 per cent of the present U.S. market for the 64K ram (random access memory) chip, the latest computer memory device. But it said Japan could not maintain this position "as the U.S. industry is certain to become more competitive."

It said Japan's surplus in the trading of integrated circuits narrowed to Y700m (£1.6m) last year, compared with Y2.8bn in 1980.

The industry's statement appears to be a rebuttal to a recent Ministry of International Trade and Industry call for pricing restraint for exporters of large-scale integrated circuits to the U.S.

The Ministry recently advised the individual companies — Nippon Electric, Hitachi, Fujitsu, Oki Electric, Mitsubishi Electric and Toshiba — to avoid excessive price cutting on the 64K ram chips so as to head off possible dumping charges in the U.S.

The price of the chips has dropped sharply since last summer and downward pressure is stronger still in view of the widening difference in the yen-dollar value.

The Japanese association said 1981 Japanese semiconductor exports to the U.S. totalled Y71.2bn (£165m) and imports from the U.S. totalled Y70.5bn (£163m).

The association's statement appeared to be in response to a recent call by the U.S. Semiconductor Association for a tax on semiconductors made in Japan.

The U.S. Defence Department said recently the Reagan Administration should consider whether a dependence on imports of Japanese semiconductors, often used in advanced weaponry, may be a national security threat.

In Washington this week, the Senate heard testimony that the U.S. cannot afford to allow Japan to dictate the future shape of the market for electronic semiconductors, but that protectionist trade actions by Washington are not the way to deal with the issue.

The U.S. House-Senate Economic Committee was advised, in a study on international competition in this area, that U.S. producers need some U.S. Government assistance.

Newsprint makers amend joint venture agreement

BY JOHN WYLES IN BRUSSELS

PAPER manufacturers Feldmuhle of Dusseldorf and Stora Kopporsbergs of Falun, Sweden, have bawed to a European Commission threat of legal proceedings and have amended their joint venture and marketing agreements.

After an intensive investigation of relations between the two companies, the Commission concluded that they had been imposing various restrictions on competition in the EEC's newsprint market.

According to the Commission, Feldmuhle and Stora had set up a newsprint manufacturing joint venture, Hylte Bruks of Hyltebruk, Sweden. Sales policy for Hylte paper was closely coordinated by the two parent companies which also divided up the EEC into exclusive marketing areas. In West Germany, the two companies operated through a joint marketing organisation.

The two companies have amended their agreements and abandoned their division of the EEC for marketing purposes. In addition, their pricing will be based on market prices rather than an average of list prices charged by a number of Finnish, Norwegian and Swedish manufacturers.

Finally, the West German marketing organisation now belongs to Feldmuhle alone and acts solely for it. Stora will in future be responsible for its own sales in West Germany.

UK NEWS

Bell Group's ACC offer was 'a bird in the hand'

By Raymond Hughes, Law Courts Correspondent

THE DIRECTORS of Associated Communications Corporation were faced on January 13 with a choice between "a fat and healthy bird in the hand" and "a chameleon-like, shadowy bird that could only be dimly discerned in the bush," the Court of Appeal was told yesterday.

These were the terms by which Mr Gerald Godfrey, QC, characterised the rival takeover approaches made for ACC by Mr Robert Holmes à Court's Bell Group and the Heron Group.

Mr Godfrey urged the three appeal judges not to hold that the ACC directors had acted unreasonably or perversely in deciding to accept the £36m offered by Bell, rather than the £45m then on offer from Heron.

The Bell offer was unconditional. Any shareholder accepting it would be sure of getting his money.

Bell was also proposing, if it got control, to enfranchise the non-voting shares which formed the bulk of ACC's issued capital—a positive advantage to their holders.

The Heron offer, on the other hand, was conditional: Heron wanted up to seven days in which to investigate ACC; it required the ACC directors to agree to recommend the offer; and it required Mr Holmes à Court to express a willingness to sell the 51 per cent of non-voting shares owned by the Bell associate, TVW.

"So it is not fair simply to compare 66p (the original (Bell offer) and 86p (the first Heron offer). That is not only simplistic: it is wrong," said Mr Godfrey.

He was making final submissions on behalf of Mr Holmes à Court on Heron's claim for orders preventing the ACC directors transferring their shares to Mr Holmes à Court.

Mr Godfrey said that if on January 13 Heron had made Mr Holmes à Court an unconditional 85p offer for his ACC shares "he would not be sitting here today—he would be sitting in Australia doing something more profitable."

Earlier, during final submissions by Mr Richard Sykes, QC, on behalf of the directors, reference was made to the possibility of the directors' decisions being ratified by ACC shareholders.

Lord Justice Lawton observed that the directors would be able to do what they liked at such a meeting, because they held a majority of the voting shares — even though their holdings represented only 1.1 per cent of ACC's total shares.

Lord Justice Templeman said that ACC was "a dog's dinner—wagged by a tail of 130,000 voting shares."

Mr Sykes said that it was important that the court should not interfere with directors' commercial decisions.

Lord Justice Lawton agreed. Most judges, he said, had no commercial experience and should be very chary of interfering.

But if it was suggested that the court could not interfere even if directors had acted unreasonably, "then the bristles at the back of my neck begin to rise."

The hearing is expected to finish today. The court hopes to give its judgment on Monday.

Two senior officials resign from BNOC

BY RAY DAFTER, ENERGY EDITOR

TWO SENIOR officials in British National Oil Corporation's trading department have resigned. More staff could follow, the Government has been warned.

Directors have told Energy Ministers that Government proposals to reorganise the corporation, including the sale of exploration and production interests, could leave the trading staff demoralised.

The resignations come at an embarrassing time for the Government as it pushes through the Oil and Gas (Enterprise) Bill, particularly because they include Mr Stuart Saint, general manager of supply, one of the corporation's most senior officials.

It is understood that Mr Saint and another senior trader have accepted positions in the private sector. BNOC refused to discuss the resignations last night.

Exploration and production activities are to be put in Britoil, a new company and most of the shares sold to the public. But the trading activities are to remain in full state control under the BNOC banner.

The corporation's directors are concerned that the trading division will be left as little more than an extension of the Department of Energy.

The BNOC board has called on the Government to keep the trading and offshore operating interests together. It says that the traders could operate more effectively as part of a large integrated corporation. The directors also suggest that state-owned crude could be handled by the privatised corporation on an agency basis.

These recommendations have been rejected by energy ministers. But in an attempt to allay some of the worries, the Government will allow the BNOC trading company to sit on the operating committees of all North Sea fields.

This decision, announced on Tuesday by Mr Hamish Gray, Minister of State for Energy, reverses the stance taken by the Government when it took over power three years ago. At that time Conservative energy ministers took the view that it would be wrong for the corporation to act as a government watchdog as well as a private enterprise exploration group.

The trading activities are being retained in state hands for strategic reasons. The Government wants to retain control over the disposal of crude gained under royalty and state participation arrangements.

The corporation's 60 trading staff handle nearly 60 per cent of all British oil production. Last year they traded more than 1m barrels a day.

As the leading North Sea traders, they have also become the price-setters. Consequently, the trading team is at the centre of a pricing whirlpool, under constant pressure from refiners to lower tariffs in response to falling spot market rates.

Having lowered North Sea prices by $1.50 a barrel earlier this month, BNOC is expected to concede a further price reduction of between $1.50 and $2 within the near future. Spot prices are now more than $5 a barrel below the reference level of $35 a barrel.

Give go-ahead to North Sea gas exports now, says Bow Group

BY SUE CAMERON

THE GOVERNMENT should lose no time in giving the go-ahead for North Sea gas to be exported, said a paper written for the Conservative Party's Bow Group yesterday.

The paper says North Sea gas exports would provide a "shot in the arm" for the economy. But it warns that opportunities for exporting gas "may soon disappear" as Norwegian and Soviet gas reserves are developed and brought on stream.

The prospect of the Government's giving permission for North Sea gas to be exported was held out to the oil companies two weeks ago by Mr Nigel Lawson, Energy Secretary. But Mr Lawson made clear that there was no chance of gas exports being allowed in the short term.

The Bow Group paper, however, suggests that fears of an adverse political reaction should not deter the Government from giving the green light to gas exports almost immediately.

It states that:

● UK exports would "protect the political independence of European countries" by enabling them to reduce their dependence on Soviet supplies.

● North Sea exploration would be encouraged, and this would lead to "new discoveries and the creation of jobs."

● Exports would ensure that UK gas prices reflected world levels.

● The Government would restrict total exports so that there were no higher than total imports of gas.

The paper says that the Government's plans to end the British Gas Corporation's monopoly rights over gas supplies would "put pressure on BGC to reduce its overheads and other costs" which are "uncompetitively high."

But it adds that British Gas must not be allowed to indulge in "predatory" price cutting so as to prevent competition from the oil companies.

Nor should the corporation be allowed to overestimate future demand from domestic gas consumers, whom it must supply by law, so as to prevent the oil companies using the existing onshore transmission system.

The paper says that if competition in the UK industrial gas market is to become a "reality in the early days" the Government should force British Gas to provide gas "banking" and standby supply services.

Oil companies which discover new gas reserves, which could take many years to develop, could then be allowed to borrow gas from existing fields, contracted to British Gas, against future production.

● Calor, which claims to be the leading UK supplier of liquefied petroleum gas, said yesterday it would enter the home heating and cooking market.

It says that 5m homes are "beyond the reach of British Gas." Prices would be pitched to compete with oil in the central-heating market.

Calor said its new system would enable householders to run a range of cooking, central-heating and water-heating appliances off liquefied petroleum gas.

De Lorean 'has 90% chance of fresh funds'

By John Griffiths

SIR KENNETH CORK, the De Lorean receiver, said yesterday he felt there was now a "90 per cent" chance that fresh investment would be found to keep the Belfast sports car company in business.

He offered this view immediately before his departure for New York, where he was to meet potential investors. Sir Kenneth has said that £40m-£50m is needed in fresh funds to put the business on a sound, permanent footing.

He did not identify the interests considering taking a stake in the venture. But they are believed to include two American institutions and one member of the private investment partnership which contributed to the car's early development costs.

Sir Kenneth, who is expected to return to the UK tomorrow, was also planning a further meeting with Mr John De Lorean, who remains chairman of the De Lorean sales company in the U.S. Mr De Lorean was understood to be in the process of raising $5m for a personal injection into the U.S. company, which owes the Belfast concern some $21m for cars already produced.

Sir Kenneth's discussions with Mr De Lorean were also expected to cover the "transfer pricing" arrangements under which the Belfast plant has sold cars to the U.S. company for selling on to De Lorean's 350 dealers.

Sir Kenneth meanwhile has rejected an offer by Budget Rent-A-Car to buy 2,000 of the $25,000 cars over the next 12 months. They have a list price value of about £27m, but Budget offered only just over £20m.

It remains unclear, however, whether contacts have been terminated. It is normal motor industry practice for a discount to be allowed on bulk sales, and ordinarily it would be considerable for an order of this size.

Cell siege ends at the Scrubs

BY LISA WOOD

FIVE PRISONERS barricaded in a cell at Wormwood Scrubs jail, came out voluntarily last night.

The end of the siege coincided with publication of a Home Office report saying that errors of judgment by key staff contributed to defective handling of the 1979 disturbances at the prison's top-security wing, and their aftermath.

The men came out of the cell one by one to be met by Mr John McCarthy, who has taken over as Governor since the riots, and two members of the prison board of visitors.

When the siege began after an incident on Friday night, not fully explained by the Home Office, the five men were thought to be holding a hostage.

The report was prepared by Mr Keith Gibson, regional director of the South-East Region of the Prison Department, on the instruction of the Home Secretary after the incident on August 31 1979 when prisoners in the top-security D wing, containing 250 men, rioted after weeks of tension came to a head.

Mr Gibson's formal investigation was halted in February 1980 when he told Mr Denis Trevelyan, Director-General of the Prison Services, that he was not convinced that all the officers deployed on this occasion had not used no more force than was necessary to regain control of the wing, and that there existed prima facie evidence of criminal assaults on prisoners by prison officers."

In a foreword by the Home Office in the report it was said that the Director of Public Prosecutions had received a report following a police inquiry but stated that "because of the difficulties of identification and the absence of independent corroboration there is insufficient evidence to bring a prosecution for assault on a prison inmate by any prison officers."

Particularly strong criticism is made in the report of the failure of the then Governor, who is not named, to report the incident accurately and information about injuries sustained by prisoners.

Mr Norman Honey, who was then Governor, now works at the headquarters of the Prison Department.

EEC aid boosts milk drinking

BY MAURICE SAMUELSON

MILK CONSUMPTION in UK schools is expected to rise by between a third and a half this year thanks to subsidies of nearly £11m from the EEC.

It is expected to reach 15.5m gallons, the highest level since the cuts, a decade ago, which earned Mrs Margaret Thatcher (then Education Secretary) the title of "Thatcher the Milk Snatcher."

Consumption

The Ministry of Agriculture and Fisheries, which assumed responsibility for school milk last year, says that consumption this year was in line with the increase forecast in July by Mr Peter Walker, Agriculture Minister, when the EEC subsidy was negotiated.

Under the arrangement worked out at that time the EEC pays about 8½ pence per pint provided that at least another quarter of the total cost is met from public funds in the UK. Milk currently costs about 20 pence a pint.

About 106 of the UK's 127 local authorities have shown definite interest in taking advantage of the EEC offer by covering at least part of the rest of the cost of the milk.

Although this only includes three authorities which were not already supplying school milk, the Agriculture Ministry estimates that the scheme could boost classroom consumption in 1982 by 3.75m gallons to 15.5m, involving an EEC subsidy of £10.95m. The UK contribution would be at least £2.7m.

It may also slow down, or even reverse, the long-term fall in UK milk consumption. Sales in 1981 were down to 7,093m litres from 7,507m in 1973.

Falling sales

It will also trigger a battle between rival bottle and carton manufacturers.

While sales of bottled milk have been falling steadily, the amount sold in cartons has been rising steadily and now stands at 14 per cent of the market.

Last year sales in cartons reached a record 987m litres (1,738m pints), nearly double their share three years ago, the Milk Carton Manufacturers' Association said yesterday.

Leicestercard holders offered more services

BY ALAN FRIEDMAN

THE Leicester Building Society is to offer a package of services it claims will go "well beyond anything that any other building society has done." Not only will it provide cheque books through Citibank Savings, but will also enable Leicestercard holders to get discounts on the purchase of new cars, flowers and bathrooms.

The plastic card obtained by depositing and maintaining a £100 balance, offers a range of services available to the cardholder including the following:

● A Leicester-Citibank cheque book tied to Citibank's Tandem Account. Cheque book customers must deposit at least £10 per month to receive a rate currently at 9 per cent (gross interest) on credit balances. Interest rates are variable, but the proposed overdraft rate is 21.5 per cent or 29 per cent annual percentage rate; this is higher than normal overdrafts and lower than Barclaycard or Access.

● Cardholders may apply through the Leicester to Citibank for personal loans of £500 to £5,000

● Leicester will offer cardholders Citicorp sterling travellers cheques without a commission charge.

● Share account members will be able to transfer funds to third parties

● Cardholders will be able to apply for Citicorp's Diners Club International charge card.

● The Prudential will provide cardholders with special holiday travel insurance and the Private Patients Plan will provide medical insurance.

● UK car sales people will offer up to 15 per cent off the manufacturer's recommended price of a new car, the RAC will offer a 25 per cent off its services and Godfrey Davis Europcar up to 15 per cent off car hire.

● Marley will offer discounts on kitchens, bathrooms and garages, so will Chubb on home security systems and Rentokil on cavity wall insulation.

● Interflora will offer a 10 per cent discount on flowers

Computer aid for electronics companies

By Jason Crisp

THE GOVERNMENT is to spend £9m over three years to encourage electronics companies to use sophisticated computer techniques to design, make and test products. The scheme, aimed at small companies, will operate like the microprocessor awareness programme.

The Industry Department has several other schemes to encourage the use of new technology in industry. These include £25m worth of aid for fibre-optics, of which £17m has been committed in under a year, £10m to encourage use of robots and £6m to promote computer-aided design

The scheme for the electronics industry is the computer-aided design, manufacture and test scheme (CADMAT). It will be managed for the Department by the Institution of Electrical Engineers and its management board will comprise the Department, the institution and the Electronic Engineering Association.

Sales of unit trusts rise to £57.6m in January

BY ERIC SHORT

THE UNIT TRUST industry has made a satisfactory start to the year, with sales in January of £57.6m, an increase of more than £2m on the previous month.

Last year's momentum for investment in unit trusts, when sales reached a record £955m, has been maintained, even though sales were £6m below those for January 1981.

Repurchases (units cashed in) at £28.3m were nearly £5m higher last month than in December 1981, leaving net new investment in January at £29.3m.

"The results show that the investing public is still supporting unit trusts as a vehicle for equity investment," Mr Mark St. Giles, chairman of the Unit Trust Association said yesterday.

Last year's success was based on public enthusiasm for overseas and specialist funds. It would appear that interest in overseas investment has continued but there were indications, according to the UTA, of a return to UK funds. Mr St. Giles believes UK recovery funds could do well this year.

The total value of unit trust funds under management at the end of January was £6.12bn—the second highest level on record—though the number of accounts declined slightly during the month to 1.78m.

Referring to the recently published discussion document by Professor Gower on the Review of Investor Protection, Mr St Giles welcomed the views expressed on the efficient control of the unit trust industry. He said the UTA would be looking closely at Professor Gower's comments on the regulation of intermediaries and submit observations.

The UTA, however, held the view that it was the responsibility of each member to check the integrity and ability of the intermediaries

The UTA has revised its leaflet explaining the operation of unit trusts

NEDO call for more union and CBI links

By John Elliott, Industrial Editor

THE CBI and TUC should work together more on industrial and economic policies, Mr Geoffrey Chandler, director general of the National Economic Development Office, said in London yesterday.

The impact of the recession had given the CBI and TUC a better understanding of the need for more employee consultation, higher productivity and profitability, and a more positive industrial policy, he said.

There was a "brief window of opportunity" for some agreed approach on such issues before the onset of the next general election changed the atmosphere. A "common denominator of industrial interest" should be sought

More effective use should also be made of the National Economic Development Council "to maximise the areas of understanding and minimise party political differences on industry."

Construction work up

CONTRACTORS received 4 per cent more orders for construction work last year than in 1981, the Department of the Environment reported yesterday. Fourth quarter 1981 orders were 2 per cent higher than in 1980.

Texaco to invest

TEXACO yesterday announced that a £20-25m investment project for its refinery at Milford Haven, Pembroke, Wales, is to go ahead. It will build a Visbreaker unit to increase yields of high-value products from residues left by a catalytic cracker now nearing completion.

Agency launched

AN ENTERPRISE agency called Manchester Business Venture, through which big companies will help small businesses, was launched yesterday as a section of the city's Chamber of Commerce. It has been set up in conjunction with the Department of Environment's North West Enterprise Unit.

The Bank suffers a brain drain to the private sector

David Marsh reports on the flight of the Bank of England's top currency dealers

FOR AN organisation famed for high salaries, elegant office furnishings and the discreet charm of its closeness to power, the Bank of England is the most unlikely part of the Civil Service to be affected by a brain drain to the private sector.

Yet that is precisely what has been happening in an area which the Old Lady normally likes to keep under wraps—its currency dealing operations.

Three successive chief foreign exchange dealers have left the Bank over the past six years to make their way in currency trading jobs in the City's commercial banks.

The move to the private sector has coincided, especially since Mrs Margaret Thatcher came to power in May 1979, with a significant curtailement of the Bank's intervention activities on the foreign exchange markets.

The two developments are not unrelated. The Treasury has exerted greater control over the Bank's currency operations over the past decade—ever since the debacle of the 1967 devaluation. At the same time, the big commercial banks have dramatically expanded their own foreign exchange activities. Not surprisingly, top-flight dealers have decided to go for commercial jobs offering greater challenges and more independence.

The Bank's ex-dealers do not disagree with the hands-off intervention policy. This has been forced by free-market ideology and also by the overwhelming size and strength of the private sector foreign exchange market with which central banks these days are confronted.

There is, however, a hint of discord over the lack of action to stop the pound rising to clearly overvalued levels in 1980 and 1981—a factor which economists now stay was one of the main reasons for the severity of the recession.

Additionally, the men who were in the hot seat during the 1976 sterling crisis—still a subject of controversy—have some criticisms to make about the attitude then of their political masters at the Treasury.

The fundamental point they make about previous sterling squalls is highly relevant to debates going on now about the wisdom of joining the European Monetary System or about the possibility of managing a "controlled" depreciation of the pound.

It is that any government which tries to grapple with the might of the foreign exchanges without first understanding their psychology—the relentless way the markets pounce upon currencies perceived as losers—runs the risk of coming embarrassingly unstuck.

Apart from the lure of more freedom, another factor—although probably not a decisive one—influencing the move to the private sector is undoubtedly money. During the past few years the Bank has raised salaries sharply—much to the envy of other parts of government — to keep pace with commercial banks.

The Bank of England keeps its name in the markets by continuing to intervene on a small scale to "smooth" erratic movements of sterling. Additionally, half the Bank's eight-strong dealing team are occupied carrying out customer business for other central banks and British Government departments.

Nonetheless, the loss of experienced men in the dealing room is not something the Bank can take lightly. The danger is that it could become less closely in touch with the rest of the foreign exchanges — an essential part of the task of a central bank charged with controlling its currency.

The Bank will soon face another, more important, personnel switch. It must appoint a replacement for Mr John Sangster, its assistant director in charge of foreign exchange. Mr Sangster, who heads a foreign exchange team (including dealers and managers) of around a dozen, reaches the normal retirement age of 60 this year after more than 30 years spent with the Bank.

The longest-serving Bank of England man to seek a new job on the other side of the fence was Mr Ted Bradshaw, 45. He left his job as chief dealer at the Bank in 1976 to take charge of day-to-day foreign exchange operations at the Hungarian International Bank.

The dealing room, where he spent 12 years, is, he says, "the Bank's window on the world.

"People judge the Bank by where it is in the public eye." When the dealing team is constantly being "topped up from the bottom," he says there is an inevitable loss of experience and contact with the market.

"From a central bank's point of view," he added, "it is essential that an exchange of information should be there all the time."

The Bank's dealers keep confidences, gleaned from the market, about individual orders close to their chests. But they pass on general impressions—for instance on the size of speculative as opposed to commercial demand—to the policy-makers elsewhere in the Bank, and thence to the Treasury.

"Without this information," says Mr Bradshaw, "you can't make policy decisions."

According to Mr Bradshaw, Mr Sangster played a big part in the late 1960s and early 1970s in encouraging him and other dealers to "go out and make contacts and friends" among the banks. "When Sangster retires, the Bank will feel his loss considerably."

Mr Jess Tigar, 37, took over when Mr Bradshaw left in 1976. He remained chief dealer until April 1978, when he joined merchant bankers Guinness Mahon. Now with Midland Bank as senior manager in foreign exchange, Tigar says the team he left behind is "perfectly competent."

However, he points out: "With the three people having left and the experience they have gained also gone, there is a loss of contact and experience which they are in the process of rebuilding."

When Mr Bradshaw left six years ago, in the middle of the sterling slump, the move attracted a fair bit of publicity.

When Mr Michael Beales departed last August after three years in the job, the move received very little attention.

That, according to Mr Bradshaw, is a sign that interplay between the public and private sectors is becoming more commonplace. "It would be nice if it went the other way and if one or two senior dealers from outside went to the Bank on secondment."

Mr Beales (now with the Royal Bank of Canada) says he left—after a total of 18 years in Threadneedle Street, of which ten were in the dealing room—to develop his career. Other possibilities at the Bank, for instance a management job in foreign currency, did not appeal to him. "I wanted to stay in the professional cut and thrust of dealing."

Mr Tigar, who spent a total of 17 years at the Bank as a dealer, also says he wanted "a career on a more commercial basis." The Bank's dealing operations were "a fairly narrow field.

"If you're a trader, you need a commercial bank environment where more opportunities exist, with the added benefit of outside remuneration."

Mr Bradshaw, who moved at a time when Bank salaries were some way below those in the commercial sector, says the reasons for leaving were "partly financial and frustration about control taken away by the Treasury."

Not that the ex-Bank of England men are totally at odds with the Bank's present intervention strategy.

Mr Beales says he agrees with the policy of "smoothing" expounded by the Treasury and the Bank's managers, which he had to carry out. "I was frustrated no more than a couple of times during the time I was there—which is pretty good going.

"Central banks are no longer able to put exchange rates where they want to. No central bank has the reserves to take on the market any longer."

Mr Bradshaw says that now "anything that a central bank can do in the way of intervention can only be very temporary — a controlling operation with no particular rate in mind. No one knows what the exchange rate can be — only the market can decide."

He added that the Bank would have a special problem on its hands if it wanted to keep the pound steady within a fixed rate system, for instance with the EMS.

Looking back at the 1976 sterling flare-up which still preoccupies the Bank, Mr Bradshaw criticises the way authorities handled the crisis. "It was obvious that the Treasury wanted the rate down and did little at $2 to prevent this. It got out of control. The world started to sell sterling because there was no support at $2."

Mr Beales makes a similar point. "The big mistake in my view was that no one realised what a psychological barrier $2 was. Sterling had never before gone below $2.

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UK NEWS

Aberdeen discovers the price of oil-fired success

Mark Meredith examines the oil industry's impact on traditional businesses

HAS OIL-FIRED success spoilt Aberdeen? Ask a question like that in industrially run-down cities like Glasgow or Dundee and there would be bitter laughter. They would gladly exchange some of their problems with those of Aberdeen.

Aberdeen exudes prosperity unlike any other town or city in Scotland. The city's growth as a base for North Sea oil has generated a businesslike bustle and developed a quality of life that is the envy of many towns. Few municipalities could match the 10 per cent of the city budget spent on local amenities, such as vast playgrounds and award-winning flower-beds.

The grey granite city appears to have absorbed the North Sea oil boom yet not let oil absorb the city as might be the case with a frontier town. Fleets of powerful offshore supply vessels crowd the docks, but most of the oil industry servicing areas and plush office blocks are spread out in suburban industrial estates and the centre has kept its austere charm.

The obvious success which oil has brought to Aberdeen, however, has masked the decline of the city's non-oil traditional industries. There is mounting concern that the city could develop into a one-industry town which, when the oil runs out, will be left an industrial orphan.

The strength of the oil sector has a distorting effect on the overall appearance of the city's industries. It covers up the fact that Aberdeen has a dual economy, oil and non-oil sectors working at different levels of wages, turnover and profitability.

The oil industry has taken some of the best workers of the traditional non-oil industries of fish-processing, textiles and paper-making. There are stories of wholesale raids by oil companies on the engineering staff of paper-mills.

One oil corporation is said to have set up a portable cabin outside a mill gate to recruit workers going in. The men were asked about the level of their wages and then offered more to tempt them away.

One mill-operator recalls that the entire engineering staff of one company was head-hunted in the space of one week because non-oil industries are unable to match oil-industry wage levels.

The oil industry's prsence has also driven up rents, rates and building costs. Moreover, the oil industry's health may lead to a loss of government assistance for the region.

The coming months could be crucial for the survival of some companies in the non-oil sector. There is mounting concern among paper, textile and fish-processing companies that the Government's plan to remove the eligibility of Aberdeen and surrounding Grampian region for government assistance this August will leave these businesses starved of funds.

Non-oil indigenous industries have received nearly £5m in regional development payments since 1976. This figure could represent 15 per cent of the total only: it covers grants of more than £25,000 and most of the payments were smaller sums given to small companies. Regional selective assistance grants from 1977 to 1981 reached £5.5m for these industries.

The 1980 downgrading of Grampian to an intermediate area from a development area meant regional development payments were stopped and only selective assistance remained.

By ending assisted-area status altogether in August all this aid, with most of the EEC assistance, which has totalled £10m over the past five years, will go.

The oil sector has benefited, too, from more than £6m in regional development payments from 1976 to the present.

These industries do not resent oil's success but, rather, the impact it has had on running their businesses. They also feel the prosperity which oil has brought to the city distorts the real long-term health of Aberdeen's indigenous industries.

The city has an unemployment rate half that of the Scottish 15 per cent average. Even this figure may be higher, because some unemployed from well outside the area sign on the unemployment register in Aberdeen, feeling they are closer to new job openings.

"Judging the qualification of an area by its employment figures alone, the non-oil industries say, has misled the Government into planning to remove intermediate-area status from Aberdeen and Grampian in August. A review is none the less promised before the final decision.

Mr Ian Lakin, general manager of Donside paper-mills, Aberdeen, part of the Bowater group, says a 20 per cent development grant on capital investment of £1m is vital for a decision to proceed with regular plant improvements.

The combination of recession, loss of grant status, increasing costs and the effects of living cheek by jowl with the oil business has already led to one casualty among the paper-mills: Coulter closed a year ago. Four mills are left.

"Oil has been successful. You cannot gloss over that. But if it hurts me, I'll squeal," says Mr Lakin.

A recent study of the Aberdeen economy predicts that the downward trend in paper-making, fish-processing and textiles could lead to their virtual disappearance in a few year.

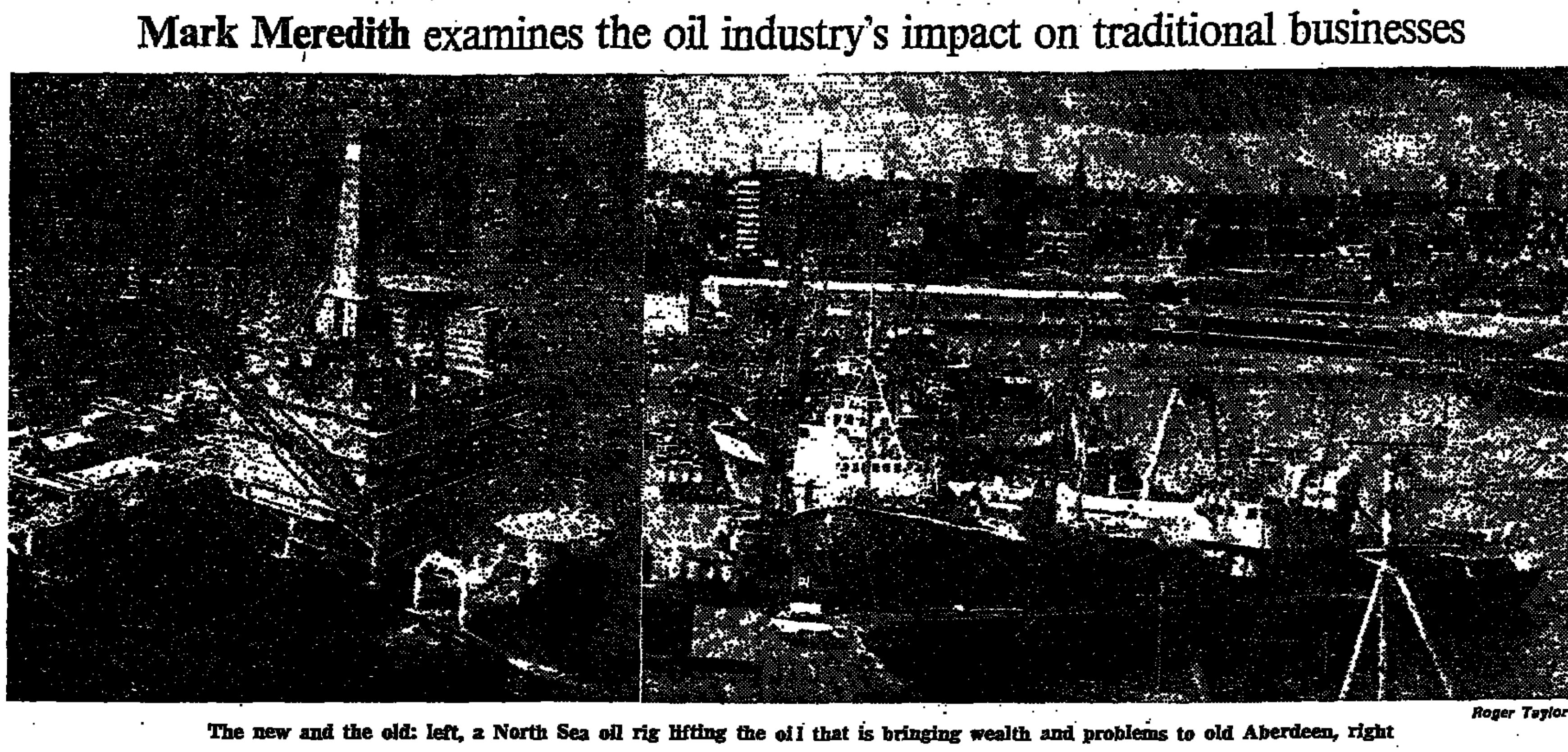
Manufacturing jobs, the report shows, were being lost faster in Aberdeen than in any other Scottish city. Nearly one-third of the manufacturing companies interviewed by the researchers made a loss in between 1975-79.

The report was drawn up by Dr Hugh Begg of Dundee University and Mr Stewart McDowall of the University of St Andrews. Their grim outlook for the manufacturing sector is underlined by the finding that the engineering jobs generated by North Sea oil will be phased out as North Sea operations come to an end.

The oil servicing industry in Aberdeen has not grown in proportion to North Sea oil development. Some companies were able to use their home base elsewhere to supply offshore contracts and did not feel it necessary to face the high costs of setting up in Aberdeen.

There is also the fear that unless Britain improves the exportable nature of its offshore capabilities in the form of services that can be sold to other countries as the North Sea oil reserves reduce, places like Aberdeen will feel the decline most severely.

The Begg-McDowall report concludes that the oil-service sector "has not generated long-term stable linkages to the local economy," a point to unsettle town and regional planners even more.



Roger Taylor

The new and the old: left, a North Sea oil rig lifting the oil that is bringing wealth and problems to old Aberdeen, right

Forecast on biotech products value

FINANCIAL TIMES REPORTER

THE market value of products made by the powerful new methods of biotechnology will be $64.8bn (£35.4bn a year by the year 2000, it was predicted in London yesterday.

Mr Theodore Sheets, chief executive of the management consultancy T A Sheets, specialising in the chemicals industry, told nearly 200 businessmen that the value of alternative energy products would be $16.3bn (£9bn), new foodstuffs, $12.6bn (£6.8bn), and health care products like insulin and interferon, $9.08bn (£5bn).

Industrial chemicals such as amino acids and aromatics made by biotechnology would be worth $10.5bn (£5.7bn) and agricultural chemicals, $8.5bn (£4.6bn).

Mr Sheets was speaking on the opening day of what is claimed to be the first international briefing on the potential for investment in biotechnology.

Speakers warned that their predictions erred on the conservative side. Dr Zsolt Harsanyi, vice president of E. F. Hutton, said every prediction for the development of biotechnology over the past few years had proved a gross under estimate.

Biotechnology involves the use of living organisms to make commercial products — the use of yeasts in brewing and wine making is the oldest and best known example.

Two factors have given biotechnology new impetus.

First, scientists have made dramatic advances in manipulating the hereditary material of living organisms to enable them to manufacture rare and exotic substances which could only be produced with great difficulty or expense using conventional methods.

Dr Harsanyi cited a chemical which seems to improve memory and concentration and another which can be used as a male or female contraceptive.

Second, the growing realisation that the Earth's resources are running out has stimulated a search for substitutes susceptible to manufacture by biotechnological means.

The use of micro-organisms in the North Sea oil industry and to promote the leaching of metals from metal ores were among the areas described at the briefing.

Mr Sheets estimated the value of biotechnology products used to assist the leaching of copper and nickel from their ores would be $4.5bn (£2.45bn) by 2000.

Dr Caroline Vaughan, director of market development for Celltech, the biotechnology company backed by the British Technology Group, told the briefing that one of the principal biotechnology methods, cell fusion, giving rise to very specific proteins called monoclonal antibodies, would alone be worth £250m by 1985. These special proteins have uses ranging from chemical purification to diagnostic assay and radio-imaging.

Corby zone attracts 25 companies

By Raymond Snoddy

CORBY YESTERDAY said that a total of 25 companies have moved into the town's enterprise zone since it was designated last June. This will create 1,487 jobs over the next three years.

"A 'good news' story is about to happen," Mr Fred McClenaghan, director of industry for Corby Industrial Development Centre, said.

Since January 1980, 116 companies have moved into the town. In 1981 alone investment of £100m was committed to Corby.

Mr McClenaghan said that in spite of the recession there seemed to be enough potential employers on the move to satisfy the needs of a small town of 50,000 people such as Corby.

Corby's success in attracting industry is, however, relative: it means only that the unemployment rate, which leapt to 21 per cent 18 months ago because of steel closures, has not worsened.

Corby's unemployment rose from 9 per cent to 21 per cent in about 12 months when 5,500 British Steel Corporation workers lost jobs. It has stayed there stubbornly since.

The companies entering the zone include Allied Mills, which is investing £25m in a flour-mill and starch plant, and BXL, a BP subsidiary which makes extruded plastics. Each will create 250 jobs.

Other recent developments outside the zone include a distribution centre for Oxford University Press, the Institute of Management's decision to move a large part of its operations to Corby and BAT's plans to build a £22m tobacco-processing plant there.

Mr McClenaghan said that on Tuesday night Corby District Council decided on a rate 5 per cent below last year's level.

The decision on whether a £200m leisure park is to be built in the area will probably be taken this year. An exhibition of designs for the park, having as its theme The Best of British, will be held in August.

Britain urged to reject draft text on Law of Sea

BY ANDREW FISHER

BRITAIN WAS urged yesterday to join the U.S. in rejecting or amending the draft of the Law of the Sea at next month's United Nations conference on the subject.

Professor Donald Denman said the two countries should look for arrangements which would not create an international authority monopoly.

Professor Denman, former head of the department of land economy at Cambridge University, has written a warning paper on the subject, published by Aims of Industry.

Mr Michael Ivens, director of Aims, said the organisation had asked for meetings with the UK government on the issue.

The U.S. wants major changes in the draft treaty which would cover deep seabed mining. Professor Denman did not advocate that Britain and the U.S. should pull out of the conference, which will last from March 8 to April 13.

Publishers face monopoly investigation

By Alan Pike

TWO SEPARATE attempts by Reed International, publisher of the Mirror Group newspapers, to expand its provincial newspaper interests have been referred to the Monopolies and Mergers Commission.

The first investigation will cover Reed's attempt to take over Benham Newspapers, publisher of an evening newspaper, six weeklies and a free publication in Essex. In the second reference the commission will look into Reed's proposed purchase of St Regis Newspapers, which produces an evening, seven weeklies and three free newspapers in the north of England.

Under the Fair Trading Act, 1973, the consent of Mr John Biffen, Trade Secretary, is required for newspaper takeovers and the provisions of the Act oblige him to refer the two proposed Reed transfers to the commission before reaching a decision.

Major battle looms over Laker transatlantic routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR battle for the transatlantic routes previously flown by Laker Airways is in prospect following British Airways' objection to the transfer of those routes to another Laker company, Brenpage.

The Official Record of the Civil Aviation Authority, published this week, says that, as expected, Brenpage, a small company acquired by Sir Freddie Laker, has applied to the authority for the licences for the transatlantic Skytrain and other routes to be transferred to it.

Laker Airways went into receivership on February 5 and formal notice of the suspension of the Laker route licences was given last week. This suspension, however, is still subject to appeal by Sir Freddie.

In the meantime, publication of the application to transfer the licences starts a new and lengthy procedure.

There will now be a 21 day period in which other airlines, airport authorities or other interested parties can either object or lodge applications for the routes.

The routes include those between Gatwick and New York, Los Angeles, Miami and Tampa, and Gatwick and Zurich.

British Caledonian has lodged a counter-application for rights to the Gatwick-Los Angeles route.

British Airways said yesterday it intended to lodge a blanket objection to the Brenpage bid, covering all the original Laker Airways' routes, but with particular reference to the North Atlantic operations.

It seems likely that other airlines will follow suit, especially for Laker licences for European charter and scheduled operations.

The CAA will then have to call a public hearing to discuss both the Brenpage applications and the objections to them, and this is not likely to be set up until some time in late March or April.

Blaenau Gwent council plans 5% rate cut

BLAENAU/GWENT District Council, which includes the Ebbw Vale constituency of Mr Michael Foot, the Opposition Leader, in its area, plans to cut rates in the coming financial year by 5 per cent.

The council finance committee, which is Labour-controlled, recommended a cut of 2p in the pound yesterday in both the industrial and domestic rates.

The reduction will be made through £300,000 less council spending in an annual budget of some £8m, and involves loss of 19 council jobs by natural wastage. Reserve balances will be drawn upon to the tune of £104,000.

Mr L. B. Woodhall, Blaenau Gwent director of finance, said that in recommending a rates cut the council was mindful of the difficulties now facing industry.

How the canning industry pampers our pets

Most petfood now comes in the latest two piece cans, reports Maurice Samuelson.

THE CATS and dogs of Britain may not be better fed than their owners, but in one respect which is closely related they are treated better.

That is the view of Mr "Bev" Page, who sees things from the specialised angle of a packaging expert. He is operations director at the Mardon Illingworth can making plant in Nottinghamshire, a leading supplier to the pet food trade.

Britain's pets have the edge on their owners, he says, because much of their food comes in the latest two piece cans, similar to those which now dominate the soft drinks trade. The canned beans and spaghetti for their owners, on the other hand, still come in the traditional three piece container.

The two piece can is recognisable by the bevelled edge round its base and its lack of a side seam. It is lighter than its three piece counterpart and in sufficient numbers is cheaper to produce. Having only one seam instead of three, it is theoretically less prone to contamination. But its lightweight walls must be of higher grade tinplate, in order to withstand the pressures of the "draw and wall iron" (DWI) process by which blank discs of tinplate are hammered and drawn into shape.

The advent of the two piece drinks can has been the centre of a well publicised battle between the main manufacturers, led by Metal Box and its U.S. counterparts, Continental Can and American Can.

There has been less attention on the introduction of the two piece can into petfoods. Its success is evident at Melton Mowbray in Leicestershire where Pedigree Petfoods boasts the world's biggest single line for filling two piecefood cans—it has a capacity of 800m cans a year.

The Mardon Illingworth factory at Sutton in Ashfield supplies almost 250m cans a year for Melton Mowbray, the rest coming from Metal Box at Braunstone, Leicestershire.

Mardon Illingworth is part of Marden Packaging International, a wholly owned subsidiary of BAT Industries, with £400m sales worldwide.

Until its decision to start making cans, Mardon's only connection with metal packaging was the decorated tin box line at the Illingworth factory, which also makes plastic bottles and tops.

Mardon's main interests are in flexible packaging—such as crisp bags or bread wrappers—in moulded plastics, and in cartons and specialised printing.

According to Mr Page, Pedigree Petfoods asked Mardon to supply two-piece cans after being turned down by the leading can makers, who were in the process of improving their welding techniques for three-piece food cans.

After agreeing to supply Pedigree, Mardon asked Krupp of West Germany to supply, install and commission a line to produce 600 DWI cans a minute.

The plant started to be commissioned in early 1978 but by the end of the year, Mr Page says Mardon was having so much trouble with the Krupp DWI machines that it began to look for alternative equipment.

It turned to Metal Box which had produced an improved version of a machine designed by the U.S. Standun company. Metal Box, Page says, had previously not wanted to sell DWI machines to rivals but had now changed its policy.

The Metal Box-Standun body making machines were installed at Sutton-in-Ashfield in 1980 and last year for the first time the plant made more than the 600 cans a minute required by Pedigree. Its total output for the year was 247m cans, against a target of 230m.

Like other can makers, Mardon Illingworth is looking beyond the tinplate age to the use of "black plate," or tin-less steel which, according to Mr Page, is already on the horizon.

Judging by the experience of two piece food cans, it would not be surprising if animals again benefited before humans from this new technology — at least in pet loving Britain.

UK NEWS — PARLIAMENT and POLITICS

NEC victory for Foot, but Labour truce in danger

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR MICHAEL FOOT, the Labour leader, yesterday won an important psychological victory on the party's national executive committee.

But he was given a clear warning of the problems ahead on the key question of a local party's right to select its own candidate. The party's Left-Right truce could be damaged by this issue at this year's party conference.

At a lengthy and bad tempered meeting of the executive Mr Tony Benn made clear that he was prepared to lead a crusade to defend the rights of local parties. He warned that if *the NEC was seen to intervene* in the choice of candidates, the issue could dominate this year's party conference.

Despite Mr Benn's warning, the committee voted by 15 to 13 to ask the organisation committee to reconsider its decision to endorse Mr Pat Wall, a leading member of Militant tendency, as the candidate for Bradford North. A committee of inquiry recommended *against endorsement*.

Another member of Militant, Mr Terry Fields, was, however, endorsed yesterday as Labour candidate for Liverpool Kirkdale. Mr Fields is the sixth member of Militant to be endorsed as a Labour candidate. His case went through without much trouble, as no rules were broken in his selection.

But the growing list of Militant candidates poses the biggest threat to Mr Foot's hopes of sustaining the peace. The party is currently investigating Militant, and if, as moderates confidently expect, the organisation is found to be breaking the party's rules, moderates will demand that Militant members are prevented from standing as Labour candidates.

Yesterday's executive meeting showed the strains that Militant is already putting on the truce. *Tempers were frayed* throughout, and at one point the party chairman, Dame Judith Hart, threatened to suspend proceedings.

The executive's decision to refer back the case of Mr Wall means that the moderates have won a breathing space in their campaign to have Mr Ben Ford, the sitting MP for Bradford North, re-selected.

In theory, the organisation *committee could merely endorse* its earlier decision, but in practice is likely to recommend that Bradford North holds another selection conference.

It was essential to Mr Foot's credibility with the moderates that he succeeded in overturning the recommendation of the organisation committee on Mr Wall. The objection was not that Mr Wall was a member of Militant, but that the rules had *been broken in his selection*.

Mr Foot managed to have the recommendation referred back to the organisation committee largely because Dame Judith Hart switched her vote and supported him.

But the moderates, led by Mr John Golding and the party's deputy leader, Mr Denis Healey, failed to get anywhere with their move to stop Mr Fields being endorsed.

Thatcher orders review of floating fuel store controls

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A TEN-MINUTE RULE Bill to bring in planning controls over floating structures — such as ships used for storing fuel — was successfully introduced in the Commons yesterday by Mr Peter Viggers (Con., Gosport).

Although the Bill stands no chance of becoming law, there could be legislative results. Mrs Thatcher has asked Mr David Howell, the Transport Secretary, to review the co-ordination of regulations.

Mr Viggers brought forward the Bill as the result of *protests* over plans by a Danish consortium to moor a 60,000-ton vessel in the Solent for storing liquefied petroleum gas (LPG). Mr Viggers told the House, however, that Mobil Oil, the oil company interested in the scheme, has now announced that it has withdrawn.

Other Hampshire Conservative MPs and the local authorities in the Solent area were opposed to the proposal, said Mr Viggers. He compared LPG to lighter fuel and said the opponents of the proposal had described it as a "smoking bomb."

It was planned to bring the fuel from the Middle East once a month in large tankers and use the moored vessels as a floating distribution centre. Fuel would be taken off three or four times a week for distribution. Half would have gone to the Mobil Oil cracker plant in Essex.

Mr Viggers pointed out, in fairness, that other LPG tankers already used the Solent. He wished to make no criticism of the promoters or of British Transport Docks Board. The interested parties had carried out a full investigation into the scheme including its social aspects.

But even if it was now decided not to proceed with the plans, a major point of law still remained outstanding. No minister or government department had any power to prevent the mooring of a tanker and its use as a floating reservoir.

But bill set out the proper planning requirements and allowed for a full public enquiry to be held in such cases.

● In a written Commons answer last night Mr David Waddington, Employment Under Secretary, said the Health and Safety Executive was consulted by the British Transport Docks Board about the Solent proposal. It advised there were no *strong health and safety* grounds why the storage and transhipment operation should not proceed.

Commons Sketch

Pleasantries over, the House gets down to whisky and football

THERE IS ALWAYS a peculiarly acrimonious atmosphere during Scottish Question Time in the Commons. It is as if the spirit of Robert Louis Stevenson's rancorous Scottish judge, Weir of Hermiston, is hanging over the chamber like a gloomy Highland mist.

Yesterday, Mr Peter Fraser was making his first appearance as Solicitor General for Scotland, having replaced the colourful Mr Nicholas Fairbairn, who resigned from the post last month, after the unfortunate row over the Glasgow rape case.

Mr Gordon Wilson (SNP Dundee East) congratulated Mr Fraser on his elevation "*even though it may just be* a step towards the judicial bench after the next general election."

Warily, Mr Fraser thanked him for this "backhanded compliment."

The irrepressible Mr Fairbairn also popped up to offer congratulations and best wishes to his successor.

But Mr William Hamilton (Lab Fife Central) was having none of this flattery. "Commiserations for joining such a dreadful government," he growled.

With these pleasantries out of the way, the House got down to those natural concerns of any Scot—whisky and soccer.

Mr Barry Henderson (Con Fife East) waxed wrathful over the case of a publican who was fined only £5 for passing off an inferior whisky as a famous brand name.

Mr Fraser replied that he could well understand Mr Henderson's outrage at this particular offence. But, he added cannily: "I would point out that it was only a single whisky."

The lad might be new to the job but he is obviously a *quick learner*.

Mr Ron Brown (Lab, Leith) was equally indignant because, he claimed, that well-known Protestant institution, Rangers Football Club, was refusing to employ Catholics.

He became more angry when the Speaker, Mr George Thomas, said that this was not a matter for a *government minister*.

"Who do I address it to, then?" thundered Mr Brown. "The Prime Minister, the UN Secretary-General, perhaps to God?"

The House at last got on to a political topic, with the bearded Mr Dennis Canavan (Lab, Stirlingshire West) criticising Mrs Thatcher's Tuesday night speech, in which she hinted at a tough Budget.

According to Mr Canavan, she was a "demented woman" bent on wrecking the Scottish economy. This brought Mr Fairbairn to his feet. Was it in order, he asked, for an MP to call the Prime Minister "a demented woman," even when the words came from the "hairy lips of a demented man?"

Mr Canavan, however, seemed to be in an uncharacteristically *accommodating mood. If it would* make anyone happier, he was prepared to change the wordings to "Right Honourable demented woman."

Gravely, the Speaker advised him: "It is not a matter of order. It is a matter of taste. I leave it at that."

John Hunt

Ulster sex law change may be delayed

THE GOVERNMENT is likely to postpone changes in the Northern Ireland laws on homosexuality, which would bring the province into line with the rest of the UK, until after the *completion of any legal* proceedings arising from the Kincora scandal.

Changes in the law, which currently makes homosexual acts between consulting adults illegal in Northern Ireland, are necessary following a European Court ruling last October which said the law was in breach of the European Convention on Human Rights.

As a signatory to the Convention, Britain is bound to act on the ruling. Mr James Prior, the Northern Ireland Secretary, said in a written answer yesterday that the Government would amend the law. But he gave no indication of when this might be.

The issue is politically sensitive in Northern Ireland, where attempts to amend the law foundered in 1979.

Opposition is likely to be more muted this time, largely because of the embarrassment in Loyalist circles over the Kincora affair. This involves allegations of participation by prominent Loyalists in a homosexual prostitution ring

Wages councils reminded of job prospects

BY ALAN PIKE

THE GOVERNMENT has written to wages councils, which *determine* the pay of many lower paid workers, telling them to take employment prospects into account when fixing wage levels.

Mr Norman Tebbit, Employment Secretary, told the Commons select committee on employment yesterday he had received letters from employers warning that they might have to dismiss workers because of wages council awards. He hoped the *councils—which are* independent although statutorily based—would consider carefully the implications of wages on employment prospects.

The Employment Secretary was asked about the role of wages councils during questioning about the Government's new Young Worker Scheme, which provides subsidies of up to £15 per week for the employment of school leavers earning less than £40.

Some employers are compelled by law to pay young *people more than the* scheme's limits because of wages council awards.

Reacting cautiously to questions about the scheme—which was introduced only last month Mr Tebbit stressed its experimental nature, and said it was not yet possible to say how effective it was going to be.

The Government would be monitoring it on a geographical and sectorial basis and would be sampling employers to assess the number of new jobs *being created*. It was part of the hazard of all wage subsidy schemes that there would be an unavoidable element of deadwood, with some employers claiming on behalf of workers whom they would in any case have recruited.

Mr Tebbit hoped, however, that the scheme help encourage realistic wage rates among the young. It might change the perception of young people, and bring them to the conclusion that realistic wage rates in a job were better than unrealis*tic aspirations and no job*.

Howell attacks Labour over London fares

By Ivor Owen

LABOUR LEADERS of the Greater London Council were attacked by **Mr David Howell**, the Transport Secretary, in the Commons last night for persistent attempts to make political capital out of the Law Lords' decision outlawing the subsidised "fares fair" scheme operated by London Transport.

He particularly condemned their encouragement of the planned one-day strike by Tube and bus workers which he insisted would be a pointless demonstration.

Mr Howell was equally censorious in deploring the "senseless" publicity campaign being conducted by the GLC on the "fares fair" issue at the ratepayers' expense.

He reaffirmed that the Government has no intention of widening the provisions of the Travel Concessions (London) Bill—designed to ensure that retirement pensioners in the GLC area remain entitled to free bus travel—to validate the "fares fair" scheme.

Despite this **Mr Robert Hughes**, Labour's chief spokesman in the debate, gave notice that the Opposition would seek to amend the Bill so as to make it possible for the GLC lawfully to provide additional *grants for transport purposes*.

He gave figures—challenged by the minister and other Tory MPs, which he claimed showed *that even with the "fares fair"* policy in operation public transport in London was being subsidised to a far smaller extent than in other capital cities, including New York, Paris, Brussels and Berlin.

Mr Hughes maintained that the GLC Labour group had framed its subsidised fares policy, which formed part of its election manifesto, with the intention of acting within the law.

He argued that the Law Lords' decision clearly contravened the intention of parliament at the time the 1969 Transport (London) Act was passed without opposition from Conservative MPs.

Mr Hughes contended: "The Government is not entitled to hide behind the skirts of the Law Lords and proposed its *policy as a by-product of a* decision unelected judges."

He called on the Government to amend the Bill to establish *the law on the basis of what* most people thought it had been prior to the House of Lords' judgment. Otherwise London Transport would remain locked in a vicious downward spiral with reduced services provided for the public at increasingly high fares.

Mr John Hunt (Con Bromley) said thre had been shock waves of anger and rage among ratepayers in his constituency, who were not able to take advantage of the cheap fares on the Underground, when they discovered the extent of the additional financial burden imposed on them as a result of the GLC scheme.

Rolls-Royce privatisation 'long-term scheme'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT is not looking for an early sale of Rolls-Royce shares to private investors.

Mr Norman Lamont, Minister of State in the Department of Industry, told the Commons select committee on industry and trade yesterday that privatisation was a "very long-term" objective.

"We have to get quite a bit down the road before privatisation becomes a practicable proposition," said Mr Lamont. "It is not likely at an early stage."

Pressed to define the date more precisely, he said it would not be "in the next two or three years."

Mr Lamont said the company was "on course" for a profit in 1982, but it would continue to need Government aid for new aero-engine ventures, especially for the RJ-500 engine, currently under development by Rolls-Royce in conjunction with the Japanese aero-engine industry.

The Minister made it clear that the Government had not yet received from Rolls-Royce any firm requests for launching aid for the RJ-500 engine, which is now being financed by the companies themselves.

But the Government would certainly consider any such request carefully.

Rolls-Royce was taken over by the Government in the wake of bankruptcy in 1971, and a new company, Rolls-Royce (1971) was set up, subsequently reverting to the name Rolls-Royce Limited. It has remained wholly in government hands ever since.

The last annual report, for 1980, showed a net loss of £27m, well below the loss of £63m for 1979.

Later, Mr Lamont told the Society of British Aerospace Companies that the Government expected companies to make proper commercial cases for launching aid.

"There are many demands on public funds and we have to spend wisely and cost-effectively," he said.

Jenkins ready for a stiff fight in Hillhead

Peter Riddell, Political Editor, on the Alliance's by-election hopes

"It was not then as great a disadvantage to be an Englishman as it would be today, when English members for Scottish seats are very rare, birds indeed."

Roy Jenkins writing about Asquith's candidacy in East Fife in 1886.

MR ROY JENKINS, an Englishman in manner if not by birth, may turn out to be such a rare bird. But it is not a forgone conclusion.

The Glasgow Hillhead by-election, now expected for March 25, is still an open contest. While Mr Jenkins is the favourite, he will have a stiff fight—and he knows it.

The campaign is still low-key. The parties have all chosen candidates but, ahead of the formal moving of the writ for the by-election, there are hardly any public meetings, no posters and only limited preliminary canvassing.

The comments of both party officials and people in the street *give the impression* that the by-election has made little impact and large numbers of voters are undecided.

The most recent opinion poll, nearly three weeks ago, showed that nearly a quarter of those questioned had not made up their minds.

The poll—undertaken by the Telephone Survey Research Unit on behalf of the Sunday Standard and BBC Scotland—showed that after excluding don't knows the SDP/Liberal alliance and Labour each received 31 per cent support, ahead of the Conservatives with 26 per cent and the Scottish National Party with 12 per cent.

There is therefore all to play *for in a constituency* which the Conservatives have held, though often narrowly, for the last 60 years.

Hillhead is a predominantly residential area—the *genteel* part of Glasgow—on the western side of the city, running north from an industrial strip along the Clyde and including the Yarrow shipyards, and BL's Albion works.

The housing ranges from tower blocks to red and dirty grey sandstone apartment buildings, known as Wally closes, where vividly coloured tiles in the hallways go right up to the top of the buildings.

The constituency is in many ways obviously promising territory for Mr Jenkins and the alliance. It has more voters with two A-levels than any other in the UK, and it has a high percentage of owner-occupied and good quality council housing.

The seat also includes a *large number of professional* people, and many of the staff and students of Glasgow University (itself just outside *the constituency*).

All this adds up to a strong identikit of the likely SDP voter. Indeed, surveys show Mr Jenkins gaining nearly half the vote (mostly from the Tories) in the Kelvinside ward adjoining the university, though *trailing well behind Labour in* the council estates of Scotstoun.

There are signs that some voters regard Mr Jenkins as an outsider, a 'carpetbagger' from London. But people seem too ashamed to talk about it openly.

Mr Jenkins is now spending nearly all his time in Hillhead, getting to know the place and meeting people. He has already held three surgeries to hear local views and has had a series of meetings with local professional, business and community groups while going out canvassing regularly.

The enjoyment of politics which he re-discovered in Warrington last July appears to have been sustained.

Yet Mr Jenkins has a number of barriers to overcome. The most crucial is the underlying, and largely unspoken, question of whether voters will regard him as a "carpetbagging" outsider, coming from London.

There are some signs that this feeling exists, but that people are too ashamed to talk about it openly.

Its significance is impossible to assess, though it appears to be held most strongly in traditional Labour areas.

On one view Mr Jenkins *should try to overcome any* latent hostility by becaming involved in the heat of the campaign and not appearing as a *somewhat distant high-flier*. Alternatively, he may have an appeal, especially to the professional and university groups, as a possible future Prime Minister and as someone who can help Hillhead and Glasgow.

He stands to benefit from the local desire for a more active MP than the late Sir Thomas Galbraith.

He also faces tough competition from the other parties.

The Conservatives have picked Mr Gerry Malone, a Glasgow solicitor. He appears quick and articulate and should not fall into the same pitfalls as the hapless Tory at Crosby.

Mr Malone has an uphill task, though he has the benefit of a *little local reflation with the* award of an order for a frigate to the Yarrow yard. He is facing up to the task of defending the Government's record, though he would clearly like a little "flexibility" in the Budget with a cut in the employers' insurance surcharge.

There may turn out to be a hard bedrock Tory vote, especially as the majority had *been whittled eway under the* late MP.

The Labour candidate is Mr David Wiseman, a community worker and former Loch Ness monster investigator (an issue on which he is agnostic). Mr Wiseman stands clearly on the left—supporting unilateral disarmament, *withdrawal from the* EEC and the alternative ecoonmic strategy. Yet he and the party organisers seem *determined that he will do* and say nothing alarming.

The result is likely to be a dull, but sincere, appeal which will rely more on traditional Labour loyalties than stirring up the emotions.

The big uncertainty is the *impact of Mr George Leslie*, the Scottish Nationalist. An experienced campaigner, he has a simple but eloquent appeal to put Scotland back on the map and supports unilateralism.

The nationalists have never done particularly well in Hillhead and he does not look a frontrunner. But Mr Leslie could make an impact on disillusioned former Labour voters. Whether this will take away potential support for Mr *Jenkins or undermine* Mr Wiseman is impossible to tell yet.

The big uncertainty is the impact of the Scottish Nationalist. An experienced campaigner, he has a simple but eloquent appeal—to put Scotland back on the map.

The only other declared candidate is Pastor Jack Glass, who is standing for the Protestant Crusade against the Papal visit. He gained nearly 1,200 votes in a different seat in the 1970 election, but that was when Northern Ireland was a big local issue. There is believed to be an "Orange" working *class* Tory vote in Partick and Mr Malone is a Roman Catholic.

LABOUR'S MAN: David Wiseman, *apparently determined to say nothing alarming*

But none of the main parties expects Pastor Glass to make much impact.

The existence of four main candidates clearly complicates any assessment. Although the *Croydon by-election last October* started as a three-way fight, Warrington and Crosby ended with the alliance squeezing the *vote of what was seen to be the* losing third-party.

It is clearly Mr Jenkins's hope now to squeeze Tory and nationalist votes against Labour.

Neither Mr Jenkins nor anyone else in the SDP underestimates the significance of the result for his chances of *becoming leader, for the party's* relations with the Liberals, and for the alliance's ability to regain electoral momentum. Mr *Jenkins is clearly not going to* lose through lack of effort.

1979 general election: Galbraith (Con.) 12,368 (41 per cent) Mowbray (Lab.) 10,366 (34.4 per cent) Harris (Lib.) 4,349 (14.4 per cent) Borthwick (SNP) 3,050 (10.1 per cent). Conservative majority 2,002.

SDP support for private education

MR ROY JENKINS yesterday assured the education-conscious voters of Hillhead that the Social Democratic Party would support the continuation of private education.

"I fully accept that the right to opt out of the state system is a legitimate human freedom," he told an audience at Glasgow University.

Unemployed total of 3.3m predicted

BY MAX WILKINSON

A GRADUAL rise in output for this year of less than 1 per cent is predicted by the National Institute in its February Review.

However it says that since output began the year above the average for 1981 the average year on year increase will be about 1½ per cent.

It says the year on year rise in output is more than accounted for by the turn-round in stockbuilding, arithmetically equivalent to 2¼ per cent of Gross Domestic Product.

Real disposable income is expected to fall by about 1 per cent after a fall of 1½ per cent to 2 cent in 1981. But because a further reduction in the savings ratio is expected it is predicted that consumer expenditure will fall by only a small amount.

The latest forecast is somewhat more optimistic about the trend of output than the institute's last forecast in November. This suggested that real GDP would rise by only 0.6 per cent this year after a fall then expected to be 3.1 per cent for 1981.

However, the institute still sticks firmly to its view that the likely recovery in output will be too small, on present ter of 1981 to 3.1m in the fourth quarter of 1982 and 3.3m in the same period of 1983.

The institute believes that the UK economy will be helped by a recovery of a world economic activity, but that UK growth will be slower than elsewhere.

It says the general pattern of restrained recovery established in the second half of last year will be maintained in the immediate future, with a slow rise in output caused mainly by stock movements.

"Thereafter, recovery is sustained by increasing exports and an upturn in fixed investment. With no change in fiscal or monetary policy little change can be expected in personal or policies, to prevent the unemployment total from rising—from a total of 2.8m excluding school leavers in the last quarter public consumption.

In its first detailed forecast for 1983 the institute says the picture is rather similar to that for 1982, with a continuation of slow output growth and steadily rising unemployment.

Following a fairly steady inflation rate in 1982 the rate of increase in wages will accelerate a little in 1983 as workers try to restore the real value of their incomes. Prices will then catch up again.

Most of the recovery in 1983 is expected to come from a recovery in the investment cycle and from export growth related to the moderate rate of expansion in the rest of the world.

The institute believes manufacturing investment may now be in or near its trough, but it says a large scale recovery of investment will be inhibited by the existence of considerable spare capacity.

It says the indications are that the recovery of investment will be weaker than in past cycles.

Last year's decline in gross fixed investment, which the institute puts at 7 to 8 per cent was "only the fifth annual decline since the war and by far the largest." In the manufacturing industry the decline was about 13 per cent if allowance is made for the switch to leased equipment.

It is predicted that gross fixed investment will rise by less than 1 per cent this year with a rise of 2.4 per cent in 1983.

National Institute Economic Review No. 99 (National Institute of Economic and Social Research. Annual Subscription £25 (£35 abroad) and single issues for 1981 and 1982 £7 (£10 abroad), 2 Dean Trench Street, Smith Square, London SW1P 3HE.)

SUMMARY OF THE FORECAST

	GDP (1975 prices, per cent change, year/year)	Real personal disposable income (per cent change, year/year)	Unemployment (fourth quarter, million)*	Retail price index (per cent change, year/year)	Current account balance (year, £ billion)	Public sector borrowing requirement (fiscal year, £ billion)	Money supply (per cent change in sterling M3, fiscal year)
1980	−2.8	1.4	2.0	18.0	3.1	13.2	17.9
1981	−2.5	−1.9	2.8	11.9	6.9	10.0	13.0
1982	1.4	−1.6	3.1	10.7	6.3	8.4	9.2
1983	0.7	1.2	3.3	9.5	9.7	7.6	8.5

* UK, wholly unemployed, excluding school leavers.

Growth in output expected to be slow

By Robin Pauley

THE INSTITUTE expects very slow and modest improvements in industrial output this year and next.

Depressed domestic demand in the UK will provide a continuing incentive to look for new markets abroad but the small changes forecast for every component of domestic demand suggest the total increase in output will be very limited. After two years in which industrial output has fallen by 7.5 per cent and 6.5 per cent a change to rising production is clearly an improvement in performance, but with only the export component rising the increase will be substantially smaller than the previous falls.

By 1983 only three industries are expected to be back at 1979 output levels—instrument and electrical engineering, aerospace, and other vehicles. On average, industry will not even have recovered to the very low 1980 level.

Construction and allied industries suffered further and particularly large falls in output in 1981. The fall in construction continued in the first and second quarters, reaching 14 per cent below the 1980 level, although there may have been a small recovery in the second half.

The largest fall was in public housing—more than 35 per cent down—and this continued throughout the year. A further fall is forecast for next year because of the financial pressure on local councils, although it may be smaller.

The fall in output is even greater than the reduction in the numbers of houses being built because of a switch to smaller houses and a lowering of standards.

Output may stop falling in 1983 when it will be about a third of the 1975 level. There was a small recovery of private housing in early 1981 but this was reversed in the third quarter and output for the year was probably 12 per cent down.

The general collapse of output and extensive destocking in the last two years has masked the continuing changes in the composition of industrial output. In 1981 the consumer and intermediate goods industries stopped declining before investment goods. The fall in the latter already appears to have steadied but consumer industries will continue to suffer from flat consumer demand.

The improvement in the output of investment goods and relative decline in that of consumption goods may seem, if sustained, to be a major structural shift in the direction of output patterns of other European industrial countries.

But the institute says that in manufacturing it would come only because consumption was not expected to grow and not because of increased investment and export demand.

"Therefore it does not indicate better performance by the economy as a whole," the report concludes in the gloomy tone which underlies the entire section of prospects for industrial production.

Expansion rate in OECD countries likely to be only 1.2% this year

BY DAVID MARSH

THE COUNTRIES grouped in the Organisation for Economic Co-operation and Development are likely to achieve real growth of only about 1.2 per cent this year, accelerating to 2.7 per cent in 1983, the National Institute says in a review of world economic prospects.

The only modest expansion expected this year compares with growth rates of 1.3 per cent in 1981 and 1.2 per cent in 1980, but an average of 3.5 per cent for 1968-79.

The recovery from the worst of the recession is not expected to prevent a further rise in the average level of unemployment.

Inflation rates should be progressively reduced, with slightly lower average dollar prices than last year for oil and other commodities. However, prices of food and raw materials will probably be recovering fairly steadily, and the institute expects the price of oil to rise again at the beginning of next year.

Overall OECD consumer price inflation is likely to fall to 8.7 per cent this year and 8 per cent next year from 10.6 per cent in 1981 and 13.9 per cent in 1980.

The current account surplus of oil exporting countries is likely to be greatly reduced and OECD countries are expected to be in surplus this year by $23bn (£12.5bn) after a $6bn deficit in 1981.

This year's surplus is expected to be concentrated on the UK and Japan, which are likely to chalk up surpluses of $12bn and $24bn respectively.

The volume of world trade this year is expected to grow by 2 per cent, accelerating to 5 per cent in 1983.

The U.S. is expected to suffer a reduction in gross domestic product of 0.2 per cent this year while Japan will record growth of 4.5 per cent, France 2.5 per cent, the UK 1.4 per cent and West Germany 1.3 per cent.

Interest rates are expected to fall slightly before the middle of this year and in 1983, particularly in Japan and West Germany. But rates seem likely to remain exceptionally high and any fall in real terms will be minor.

Current levels and trends of unemployment are exerting a strong influence on wage settlements. This applies particularly to the U.S. Pay settlements this spring are expected to be relatively moderate in Japan and West Germany, and this tendency may spread.

ECONOMIC GROWTH IN OECD COUNTRIES

	U.S.	Japan	France	West Germany	Italy	U.K.	Total	Western Europe
GDP								
1980 weights	37.9	13.2	8.2	10.4	4.8	5.2	100.0	42.6
Rise (per cent, annual)								
1969-79	3.0	5.4	4.0	3.2	3.3	2.2	3.5	3.4
1980 year	−0.2	4.2	1.2	1.8	4.0	−1.9	1.2	1.5
1981 year*	1.9	3.5	0.5	−0.3	−1.0	−0.9	1.3	−0.1
1982 year (forecast)	2.5	4.7	2.8	1.3	1.0	1.4	1.2	1.5
1983 year (forecast)	2.5	4.7	2.3	3.0	1.3	0.7	2.7	2.2

* All except U.S. and West Germany estimates. Source: OECD, Main Economic Indicators, national sources, and NIESR estimates

Training plans criticised for uncertainty of effectiveness

BY ROBIN PAULEY

CONSIDERABLE scepticism about the Government's new proposals and initiatives on training is expressed in an article by institute member Mr Ian Jones "which remains the full responsibility of the author."

The recent white paper: "A new training initiative: a programme for action" is the latest in a long line of official documents lamenting the persistent failure of the UK training system to produce the number of skilled people required by a modern competitive economy.

But the proposals for improving the quantity and quality of skilled manpower are limited in scope and of uncertain effectiveness, he writes.

Vocational content

The main plans in the white paper are:

- A higher vicational content to the curriculum in the last two years of compulsory schooling.
- A youth training scheme (YTS) to provide a one-year "foundation" training for all 16-year-olds, either on a full-time basis if the young person is unemployed or a part-time basis for the employed.

Measures to raise training standards for skilled occupations and more encouragement for training schemes which make the attainment of tested standards obligatory. The existing Training Opportunities Programme (TOPS) would be more orientated towards occupations for which demand is rising rapidly and the "Open Tech" plan would be introduced to expand adult education at technician and supervisory levels.

The author is not optimistic about the school curriculum changes because the educational establishment has previously been reluctant to move away from an academic bias and the white paper does not indicate how the "desirable objectives" are to be achieved.

He says the time may have come to consider tying the payment of part of central government grant to local authorities to the achievement of a specified vocational content in the curriculum.

Two other ideas suggested by Mr Jones are distinct commercial and technical streams in comprehensive schools and reducing the school-leaving age to 15, provided it is compensated by compulsory part-time schooling by day or block release.

Level of pay

One of the main problems connected with the inadequate quantity and quality of post school training in Britain is the extent to which training wages exceed the "market clearing" level of pay.

Trainee wages as a fraction of adult wages in the UK are two to three times those in West Germany and Switzerland, which like the UK rely on apprenticeship schemes as the main entrance gate to skilled occupations. Training is also more universal in those countries.

The wage levels result from negotiations between unions and employers and one way of reducing them, as a first step, may be making subsidy payments conditional on the employee receiving a rate below that set in collective agreements.

External tests

Continuation of subsidy payments could be conditional on the trainee passing external tests. This scheme could also be used to extend the range as well as quality of training schemes, moving more towards the German system where training is available for a much wider selection of occupations than in the UK.

Alternatively, something closer to the French approach could be developed to extend and deepen full-time vocational education with opportunities for trainees to take external exams covering both theoretical and practical skills.

The white paper admits in its final paragrpah that "not all the questions are resolved." Mr Jones says: "Fortunately further investigation is promised."

Monetary targets examined

By Robin Pauley

THE INSTITUTE discusses the problems which arise in setting intermediate monetary targets. In the period between policy changes the economy is likely to be subject to a large number of unexpected shocks and the problem is what to do about them.

Intermediate targets may be useful in helping to reduce the destabilising effects of these shocks. Money supply targets or exchange rate targets may, in some circumstances, be more effective at stabilising either output or prices than a monetary policy based on fixed interest rates. A final choice between these alternatives depends both on the structure of the economy and the stability of the relationships within it.

However, once this time horizon is passed the instruments of policy should vary so as to achieve the objectives of that policy using all the information provided by economic theory and past evidence, the institute says.

For example, the evidence suggests that price changes do not depend on movements in sterling M3 alone. Movements in variables such as M3 might represent useful indicators of how the economy is moving but they are only one of many pieces of information.

City University urges against reflation pleas

BY DAVID MARSH

CITY UNIVERSITY, one of Britain's strongest advocates of a firm monetary policy to deal with inflation, has urged the Government to disregard pleas for reflation and stick to its medium term financial strategy.

In its annual monetary review the university's centre for banking and international finance says: "Advocacy or reflation, of incomes policies and of pegged exchange rates embodies a view of the workings of the monetary system which is hardly new, and which has been tested—to destruction—by successive governments over several decades."

The review rejects the suggestion that the Government should replace the money supply target by a formal exchange rate target by bringing sterling into the European Monetary System.

It also warns against "the dangers of poor public expenditure control." The Government should announce a programme of real cuts in public spending and taxation. In contrast to official plans the public sector has grown, taxes on income have increased and the cost to employers of hiring labour has been raised rather than lowered, the centre says.

The centre urges Sir Geoffrey Howe in the March Budget to reaffirm his commitment to a sterling M3 target. The target has been distorted by the after-effects of the "corset" and by the banks' recent invasion of the mortgage market.

"However sterling M3 and other broad measures of public sector liquidity have consistently provided a better early warning of inflation than has M1 (the narrow measure of the money supply)," the review says.

The review also suggests that the Bank of England should focus more on the monetary base than on interest rates as its operating target in the money markets.

It says there is a "self-evident" need to back up the monetary target with a more effective method of money stock control.

The review says the monetary control reforms carried out by the Bank of England in August simply extended to the bill market the sort of flexibility in interest rates which was granted to the gilts market under the Competition and Credit Control system a decade ago.

"There is no guarantee that the new system will be any more workable than the old, and a high probability that direct controls on bank lending will soon prove necessary."

City University Annual Monetary Review £7.50 from City University, Centre for Banking and International Finance, Frobisher Crescent, Barbican, London EC2Y 8HB.

TUC to encourage employers to speak out against Tebbit Bill

BY JOHN LLOYD, LABOUR EDITOR

THE TUC will try to encourage employers who are opposed to all or parts of the forthcoming employment legislation to make public statements of their disapproval.

Mr Len Murray, the TUC general secretary, said yesterday that he and other TUC officials had "found very grave doubts in the minds of employers about the advisability of the legislation."

The TUC is trying to capitalise on the fears which especially large employers are discretely voicing that the Employment Bill will encourage the activities of "cowboys" on both sides of industry.

It would use any public expression of these fears as part of its campaign against the Bill. The campaign blueprint of which was given unanimous approval by the TUC's General Council yesterday.

At least one major multinational company has indicated privately that it regards the legislation as potentially disruptive, while personnel managers from a range of industries believe it will do nothing to assist efforts to improve industrial relations, and may sour them.

Earlier this week, Mr Norman Tebbit, the Employment Secretary, faced noisy disapproval from a conference, largely attended by personnel managers—though the managers appeared split on whether the Bill was too tough, or not tough enough.

This opposition, however, has not yet been made public at either company or Confederation of British Industry level, and it would seem unlikely to be so in the immediate future.

Mr Murray warned the Government that it faced an "arduous" struggle, and said: "The Government has picked a fight with us, we have not picked a fight with the Government."

Quoting Mr Sidney (now Lord) Greene, the former general secretary of the National Union of Railwaymen, Mr Murray said: "Life will be as difficult as the Government or the employers want to make it. If that happens, the responsibility will be with the people that started it—the Government."

Using Mr Tebbit's phrase about his intentions towards the unions, Mr Murray said that the TUC aimed to "nudge" the legislation.

He said that unions who took part in secret ballots on closed shops, or who took state funds for union ballots, would face disciplinary action under TUC rules.

The general council approved an eight-point plan endorsed by the TUC employment policy committee earlier in the week. Its main aims are to give the general council power to co-ordinate action by unions to support any union facing legal action and to provide financial backing.

The strategy of boycotting the National Economic Development Council, mooted by the Transport and General Workers, has been dropped.

National strike threat at Dunlop

By John Lloyd and Robin Reeves

UNIONS AT Dunlop have threatened national strike action over the company's plans to close its South Wales plant and over its alleged refusal to talk on manning levels at other plants.

The unions include the General and Municipal Workers and the Transport and General Workers. They are considering calling a stoppage if the company refuses to meet national officials.

Mr David Warburton, GMWU national industrial officer, said last night: "If Dunlop refuses to meet the unions nationally there can be no doubt we are heading for a national strike."

Talks aimed at ending the three-month dispute over closure of Dunlop's Brynmawr plant, South Wales, ended in deadlock last night as workers at three other Dunlop plants staged one-day sympathy strikes:

Dunlop refused to improve the redundancy offer made a fortnight ago to the 450 workers who have occupied the Brynmawr plant since before Christmas.

It says the workers made themselves ineligible for the company's normal redundancy scheme when the dispute was backed officially by the TGWU.

The sympathy strikes took place at the Hirwaun Dunlopillo plant, South Wales, the general rubber-goods plant at Skelmersdale, Lancs, and in part of Fort Dunlop, Birmingham.

The company said 2,200 workers had taken part in the stoppages, less than 10 per cent of its workforce.

The unions will meet at national level today to determine action.

Mr Warburton said: "Dunlop has rejected our proposal for national level talks on manning levels.

Times staff in union membership dispute

BY IVO DAWNAY, LABOUR STAFF

CONFUSION CONTINUED at Times Newspapers last night over the management's claim that members of the National Society of Operative Printers Graphical and Media Personnel who apply for voluntary redundancy will not forefit their union membership.

The question of whether or not union membership can be retained could well be a crucial factor in the attempts by Mr Rupert Murdoch, the proprietor, to persuade 210 clerical workers to accept the severance terms restored on Tuesday.

Yesterday's meeting of the key Natsopa clerical chapel, where Mr Murdoch is seeking 330 job cuts from a total staff of 670, was voted by a clear majority not to accept notices of dismissal.

Mr Chris Robbins, Natsopa clerical branch secretary, said last night that he had received a clear assurance from the general secretary, Mr Owen O'Brien, that the union rules prohibiting volunteers for redundancy to retain membership remained in force. Mr O'Brien has since distributed a circular letter reiterating the rules on redundancy to branch officers and heads of chapels (office branchs).

However, it remained unclear last night whether the union leadership is interpreting job cuts sought by Mr Murdoch as being, in effect, mandatory.

Mr Robbins said: "The company's belief that Natsopa would tell members that they would retain union membership if they accept redundancies was clearly wrong." He added that the branch would be instructing its members to that effect.

But the company said: "We had an assurance that left us in no doubt that people who accepted voluntary redundancies would not lose their union card."

The board of Times Newspapers (Holdings) Ltd, which includes the five national independent directors, is to meet today to discuss Mr Murdoch's request for the ownership of the titles of the two newspapers to be transferred to the parent company News International.

BA strikers not backed

BY BRIAN GROOM, LABOUR STAFF

BRITISH AIRWAYS ground staff at Heathrow Airport's intercontinental terminal yesterday refused to stage a 24-hour strike today in support of their colleagues handling European and domestic flights.

This is the latest in a series of setbacks for the 2,000 ramp workers at Terminal One and Two, who have been in dispute for more than two weeks after refusing to work schedules which BA wants to introduce so it can implement voluntary redundancies. They claim to have been locked out while the company says they are on strike.

The ramp workers' repeated attempts to persuade other staff not to cross their official picket lines have met little success.

About 500 of the 1,500 Terminal Three long-haul workers voted not to stage a 24-hour strike today, reportedly by a margin of more than two to one. So far they have offered only token support for their colleagues, including three one-hour stoppages.

The ramp workers have been supported by 28 ground staff at Edinburgh, who have refused to handle shuttle services from London, but management and volunteers have maintained the service.

Tees docks strike legal action planned

BY NICK GARNETT, NORTHERN CORRESPONDENT

CLEVELAND OFFSHORE, constructors of the gates for the Thames Barrier, is considering legal action against the Transport and General Workers' Union and the Tees and Hartlepool Port Authority if the dockers' dispute which has stranded four of the gates on the river Tees is not resolved quickly.

Talks to end the 14-week stoppage were continuing late last night after being adjourned on Tuesday. The length of the talks indicates that the authority has been making some concessions in its previous offer of 6 per cent linked to higher productivity.

The strike has been jeopardising the completion programme for London's flood defences, due to be operational in November.

Cleveland Offshore has received legal advice but the wharf area where the gates and their supporting arms are stranded does not fall within the dock labour scheme.

It is also thought to have been advised that the special modular loading operation would not normally be considered dockers' work. If this was tested in court it could have a major bearing on loading work viewed at other ports as dockers' work.

Legal action will not necessarily resolve the issue. Some of the company's workforce belongs to the same union as thedockers, and workers on the Thames could take sympathetic action by refusing to handle the gates.

But the company might feel obliged totake legal action to protect its interests if any claims and counter-claims for damages arise from the dispute.

Britain 'middle' of league for days lost in stoppages

BY BRIAN GROOM

THE UK has maintained what is described as a "broadly middle-ranking position" in the latest annual international comparison of strikes, published in the Department of Employment's monthly Gazette.

Industrial stoppages in the UK over the five-year period 1976-80 caused the loss of just over half a working day per employee per year on average (566 days per thousand employees).

Six countries, including Australia, Canada and Italy lost more days. But 10 countries, including France, West Germany and Japan, lost fewer days.

The gazette is wary of drawing conclusions from small variations between countries because of comparability between statistics.

But the variation between some countries is considerable, ranging in 1976-80 from 30 days per thousand employees in the Netherlands to an average of 1,749 in Spain.

The UK's position is unlikely to change much when the 1977-81 figures become available, in spite of a sharp fall in strike losses last year. This is because the low figure for 1976 will be excluded from the comparison.

The train drivers' dispute and two strikes in the motor industry have helped push up the monthly figure for days lost this January. The provisional number of days lost last month was 449,000, higher than the low average of 350,000 per month during 1981. The three strikes together accounted for two-thirds of the total days lost.

The number of recorded stoppages beginning in January—provisionally 91—remained very low. It compares with the low rate of 107 a month last year.

Employment Gazette; February 82; SO; £2.25.

Jobs scope for graduates may drop 10%

JOB OPPORTUNITIES for students graduating this summer could fall by 10 per cent, following a 12 per cent reduction last year, it is tentatively forecast, Brian Groom reports.

Mr Neil Scott, Careers Advisory Service director at Nottingham University, writes in Employment Gazette that at least 15 per cent of last year's graduates were known to be still looking for suitable employment at the end of 1981. A further 15 per cent were noted as "unknowns."

"For the first time ever, a sizeable carry-over of the previous year's graduates will be competing in the same market as current graduates," he writes.

The depression remains generally severe in manufacturing especially engineering and metals, with openings for non-technical people most sharply reduced.

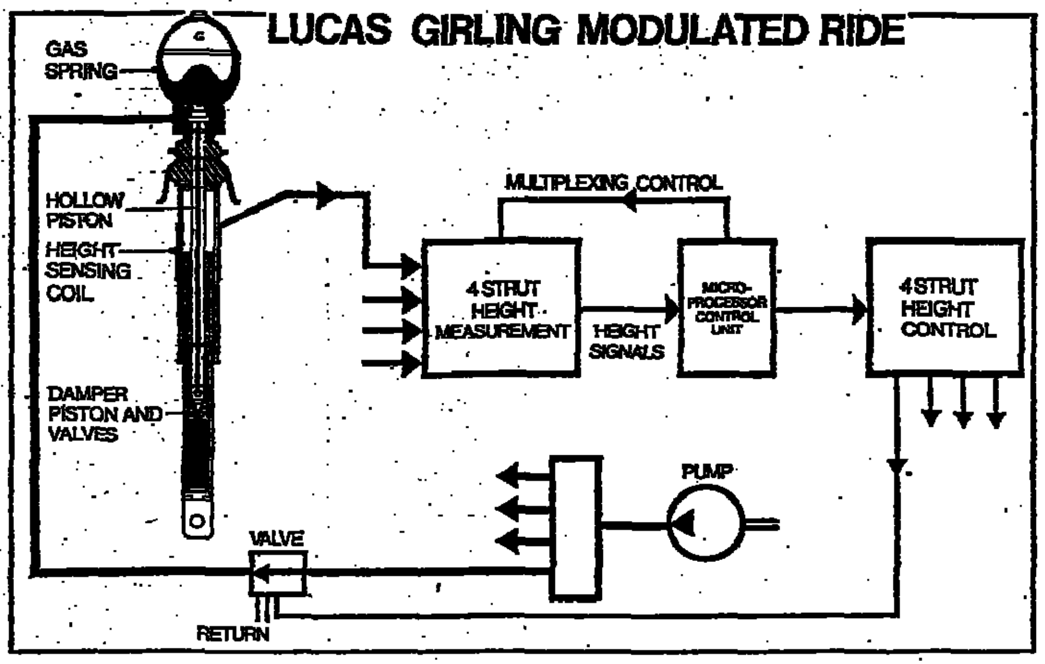
Demand is down throughout the public sector. But the oil industry remains fairly buoyant.

TECHNOLOGY

EDITED BY ALAN CANE

Girling system designed to beat the rough ride

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



ALL MANUFACTURERS are taking the weight out of their cars because it is one obvious way of improving a vehicle's fuel efficiency.

But as the difference between the weight of the empty body compared with the weight of that body loaded with four or five people and their luggage grows, the headaches for the suspension engineers increase.

Using conventional suspension systems they can opt for either much greater vertical wheel travel, at the expense of handling, or much firmer springs, with inevitable penalties in terms of ride comfort.

However, Lucas Girling has come up with a fresh approach, a sophisticated electronically controlled system they have called the Girling Modulated Ride Suspension—MRS for short.

The package was introduced to an American audience at the Society of Automotive Engineers' annual conference in Detroit by Dr Stanley Manton, director, product engineering for Lucas Girling.

He explained that MRS is a full-load system intended for designing into vehicles from their inception but can be applied to a variety of existing ride control systems.

At its heart is a computerised control module combining the comprehensive logic to handle the very complex demands of advanced suspension management "with the cost-advantages of state-of-the-art micro-computer technology."

It possesses the built-in "intelligence" to cope with abnormal conditions of axle loading or road-induced movement and does away with the strange behaviour associated with some less sophisticated auxiliary self-levelling devices now in use on both sides of the Atlantic.

Dr Manton claimed, for example, that if a car with the MRS system was clumsily parked with one wheel on the kerb, the central controller is capable of detecting the anomaly and deferring correction until the vehicle moves off—it does not fight in vain to level the vehicle.

He used the accompanying illustration to show a typical application, with the control related to a system of independent hydraulic or pneumatic struts. The self levelling capacity of the struts is under the selective authority of the central computer, each being extended or compressed via a bank of specially-designed non-leak solenoid valves.

Dr Manton claimed that such a system provides a constant working height and control of suspension frequency, within a narrow band, irrespective of the load being carried. The electro-hydraulic valves are actuated as required by height-sensors incorporated in the strut units themselves.

The height sensors consist of copper coils embedded in the dirt shield surrounding the strut. When a high-frequency current is passed through the coil, the resulting magnetic coupling induces eddy currents in the body of the strut to an extent depending on suspension height.

The phase displacement resulting from losses in the copper coil is measured against a reference coil in the MRS central controller to provide a signal proportional to strut position and hence the suspension height.

The complex patterns of electronic signals so produced, reflecting the various influences of loading, speed and road conditions on each of the four axles, are digested by the micro-computer. It then processes the information and decides what action it should take—an interrogation procedure which, according to Dr Manton, takes just 80 milliseconds.

The computer then responds through the medium of three modes, or speeds of operation.

The fast mode is designed to correct the vehicle's height as quickly as possible prior to moving off after the engine has been started. In this condition it takes just a few seconds to achieve full operating height from fully compressed struts.

Slow mode allows the system to hold the vehicle's height at a median point in the "bump and rebound" cycle while on the move, preventing a waste of energy on constant and unnecessary corrective responses. It does this by imposing a five-second delay on its reactions to height readings.

The Trim mode is adopted once the right height has been achieved and corrects for small, longer-term load changes on the suspension struts while on the move—such as aerodynamic effects at high speed or the gradual diminution of fuel weight as a journey progresses. In this mode height readings are averaged over a longer period, extending to about 20 seconds, before levelling decisions are made.

Refinements of MRS can include a high-ride mode for operation on rough or rutted roads or a low-ride setting for high-speed driving. Both features are either manually controlled or automatically selected by vehicle speed or suspension movements.

As a fail-safe feature, if a sensor becomes faulty, the controller will substitute readings from the other three to allow completion of the journey without the vehicle level being affected.

Dr Manton made it clear that Lucas Girling is primarily interested in supplying the control unit and Lucas went to some lengths to remind the Americans that it is "an old-established electronics company" which put up its first electronics factory in 1960.

Lucas is still one of the few automotive companies to manufacture its own solid-state devices. However, much of its development work on electronics has been motivated by its aerospace interests.

Magazine for ZX81 users

THE fatal flaw in most of the microcomputer magazines now littering the country's news stands is the number of different, incompatible systems they describe.

Look at the success of motor magazines. All cars are driven in roughly the same way—steering wheel, gas pedal and so on—so a reader can enjoy, vicariously, the pleasures of a Porsche or Jaguar even if he or she drives a rusty Mini.

Not so with micros. They are horribly incompatible, even with the introduction of the CP/M micro operating system. So the user of a, say, Superboard or Tangerine micro may have to leaf through several issues of several magazines to find something of specific interest.

Experience

EEC Publications, which launched the very successful Which Computer, has tackled the problem by launching a magazine devoted to one micro—the UK's top selling ZX80 and ZX81, designed by Clive Sinclair.

The company has experience of the heavy end of the market with IBM User—but there are now some 250,000 or so ZX users in Britain, mostly young, mostly enthusiastic.

Last month a ZX81 fair held in London was seen by an estimated 12,000 people who got into the exhibition, most after a four hour queue; countless numbers gave up in despair.

So the prospects for Sinclair User should be good. ECC is on 01-359 7481.

ALAN CANE

Wiper system

AN electronic cut-out to alleviate problems with multiple motor windscreen wiper systems has been developed by Dudleys (Redditch). The cut-out allows one wiper motor to park and the other to complete its cycle and then come to rest through a single switch operation. Dudleys (0527 67701) will explain all.

Gauging systems

A FAMILY of non-contact gauging systems for in-process diameter measurement of bars and pipes in steel mills has been introduced by Inspection Instruments (Slough 76216).

Power washer

DESIGNED TO operate from any small compressor of 1 hp or more, the Jetaway Gun power washer is a new product from Jetwell, Wadebridge, Cornwall (020881 2145). The Jetaway is equally at home with hot or cold water, foam, mixtures of chemicals and water or just air. It costs £55.00 complete.

Portable ratemeter

A wide choice of scintillation detectors and Geiger counters can be coupled to this new PSR8 portable Scaler Ratemeter from Nuclear Enterprises, Reading. Features, it is claimed, include preset count and time, crystal controlled timer and analogue ratemeter with chart recorder output. More from 073521 2121.

SERC research saves Rolls-Royce £1m a year

RESEARCH IN a number of universities and polytechnics on the processes of grinding and die and mould manufacture, sponsored by the Science and Engineering Research Council (SERC) in the mid-1970s, has saved Rolls-Royce at least £1m a year by increasing creep feed grinding speed 20-fold.

The Rolls-Royce application was just one area where industry is now starting to benefit from the research work.

The co-ordinated programmes will be illustrated by a number of displays on the SERC stand at the Production Engineering and Productivity Exhibition at Olympia from March 2-6.

Among the research work illustrated at the exhibition will be developments on high stock removal rates in grinding processes, while maintaining acceptable geometry and surface finish; work on die and mould manufacture to develop more reliable machining processes, and methods of improving the life of dies and moulds by better design and surface treatment.

Research by a group under Professor Andrew at Bristol University on coolant application, wheel speed and a new method of wheel sharpening was taken up by Rolls-Royce which has incorporated the new technology into production of the turbine blades for the RB211 aero-engine.

Other research has been carried out at Birmingham University, the Cranfield Institute of Technology and Northern Ireland Polytechnic.

SERC says that Birmingham and Cranfield have made important contributions to the exploitation of superplasticity in metals used for the production of dies.

Experts from the various areas of research will be on the stand to discuss individual applications, but full details of the programme can be obtained from SERC at Polaris House, North Star Avenue, Swindon (0793 26222).

MAX COMMANDER

'Molinease'

A CONSIDERABLE capacity for holding moisture but rather slow to absorb it. This is the claim put forward for "Molinease," a chemically treated celluosic fibre blended with Irish linen. The new fabric is said to be highly crease resistant and machine washable.

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Cultivators

OF interest to farmers will be the "S" range of tine cultivators in versions from 18 to 81 tines and working widths from 1.8m to 8.1m. The cultivators are constructed in linked modules built from 0.9m wide sections which can be extended to take advantage of any increased tractor capacity available.

Prices start at £540 to £3,060 for the top of the range. Details from Kverneland (UK), Denby Way, Euroway Industrial Estate, Rotherham, West Yorkshire (0709 54 7222).

JOBS COLUMN

Better signs for managers and specialists

BY MICHAEL DIXON

THE WORST seems to be over for most managerial and specialist staff in Britain, as is shown by the accompanying table. It is based on the number of experienced higher-grade workers registered as unemployed with the Government's Professional and Executive Recruitment agency, and charts the progress of this sector of unemployment over the past 16 months.

I have taken that, rather than 12 months, as the time-scale so as to include what surely must be a record jump in redundancies which occurred between October 1980 and February last year.

The stark fact that there are now nearly nine managers and specialist jobless for every four in that sad state 16 months ago is shown by the table's bottom line. (The totals are greater than the sum of the detailed figures because I have excluded from the upper part the few staff categories in which there are fewer than 1,000 people out of work.)

	Registered unemployed		%	% change in each 4-month period			
	Feb. '82	Oct. '80	increase	Oct. '80-Feb. '81	Feb.-June	June-Oct.	Oct. '81-Feb. '82
Data-processing	3,583	1,033	246.9	+101.2	+32.7	+19.9	+ 8.3
Biologists	1,017	311	227.0	+105.8	+ 3.1	+24.8	+23.4
Draughtspeople	3,857	1,190	224.1	+133.9	+26.0	+ 6.7	+ 3.0
Engineers and technologists	9,324	3,257	186.3	+ 86.9	+28.5	+11.9	+ 6.6
Technical and scientific support	8,526	3,241	163.1	+ 71.1	+26.5	+11.5	+ 9.0
Aircraft and ships' officers	1,206	486	148.1	+ 62.3	+13.9	+ 4.2	+28.7
Accountants	4,477	1,806	147.9	+ 64.5	+26.3	+11.9	+ 6.6
Estate agents, etc.	2,592	1,089	138.0	+ 63.6	+13.4	+16.0	+10.6
Social and health staff	5,868	2,486	136.0	+ 50.0	+10.9	+32.4	+ 7.1
Administration and other non-production managers	26,737	11,357	135.4	+ 65.0	+20.5	+ 7.3	+10.4
Chemists, physicists, etc.	2,127	909	134.0	+ 52.8	+20.7	+11.8	+13.6
Personnel staff	2,522	1,088	131.8	+ 61.9	+17.4	+15.1	+ 6.0
Library, art gallery staff, etc	6,232	2,738	127.6	+ 67.7	+13.0	+ 8.5	+10.7
Town planners and architects	1,023	459	122.9	+ 55.8	+11.2	+17.5	+ 9.5
O&M staff and statisticians	1,939	894	116.9	+ 61.4	+17.7	+11.5	+ 2.4
Production managers	6,542	3,042	115.1	+ 60.4	+21.9	+ 5.9	+ 3.9
Estimators, etc.	1,710	812	110.6	+ 46.1	+20.9	+11.9	+ 6.6
Purchasing staff	2,572	1,230	109.1	+ 54.6	+23.9	+ 4.4	+ 4.6
Sales and marketing staff	17,384	8,351	108.2	+ 59.6	+16.8	+ 7.2	+ 4.2
General managers	2,861	1,499	90.9	+ 51.2	+20.0	+ 2.6	+ 2.5
Teachers	22,339	12,625	76.9	+ 22.4	+ 4.2	+43.9	− 3.5
All higher-grade unemployed	137,444	61,330	124.1	+ 57.2	+17.5	+14.9	+ 5.6

But the bulk of the increase came in that first four-month period when unemployment more than doubled among draughts-men and -women, biologists, and data-processing staff.

The trends since then are indicated by the last four columns of percentage figures (which since they are cumulative on one another from the left, do not add up to the 16-month percentage increase in the third column of figures).

It has continued to be a down and up existence for eight of the categories. They are biologists, aircraft and ships' officers, social and health staff, departmental managers of other than production work, chemists and physicists, staff of libraries and museums etc., town planners and architects, purchasing staff, and teachers.

For the rest, although unemployment has gone on increasing, there has been a steadily slowing trend.

What is at least less bad news from the table combines with the latest evidence from the MSL Index, which tracks executive jobs advertised in the Press, of a recovery in the demand side of the market. By comparison with the last quarter of 1980, the final three months of last year saw a 22 per cent increase in the index. And it was 13 per cent higher in the last quarter of 1981 than in the previous three months.

"A particularly hopeful sign is the continuing demand for sales and marketing executives," said Garry Long, managing director of MSL group International. "This is a key indicator of an upward swing in the economy."

Readers who are optimists will be further encouraged by 1981 increases of 41 per cent in demand for production executives and of 37 per cent in openings in research, development and design. But while as eager as anyone for good news, the Jobs Column is restraining itself from donning rose-coloured spectacles.

Charity systems

RECRUITER Patrick Mills of John Courtis and Partners seeks a systems manager to work mainly from London for an international Christian aid-giving charity which he may not name. (He therefore promises that any applicant who so asks will not be identified to his client without further permission.) But there will be foreign travel and since the charity has a major operation in Germany, working ability in German language is needed.

The recruit will report to the head of the European organisation, and be a member of the international co-ordinating committee concerned with the charity's systems as a whole.

Candidates need first-hand experience of programming and systems analysis, and financial skills enabling them to negotiate contracts for hardware and so on, and to plan and manage project costs and budgets. They should also be amenable to working in an actively Christian, although non-denominational atmosphere.

Salary about £15,000. Inquiries to Mr Mills at 78 Wigmore Street, London W1H 9DQ; telephone 01-486 6849 or 935 9011.

Telecoms

CHARLES WALKER of Charles Barker Management Selection wants a professionally qualified telecommunications engineer to work in Walton-on-Thames as assistant director of the subsidiary of the British Electro-technical Approvals Board, which will authenticate equipment for supply to British Telecom.

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Executive Selection Division

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University of Aberdeen

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Candidates must be qualified accountants, probably aged 37-50, with substantial experience in financial management, computerised systems and, preferably, committee work. A practical, imaginative approach to problem solving is required, together with commercial acumen, enthusiasm, tact and determination.

Please write with full career and personal details to Geoffrey Thiel, Adviser to the University, quoting reference 1035/FT on both envelope and letter.

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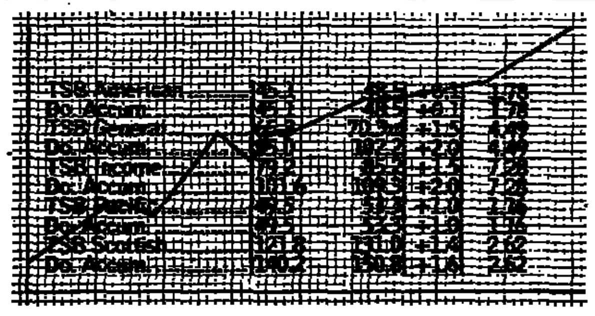

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Amex Bank Limited, the Investment subsidiary of American Express Bank, is seeking an Economist to join its Investment Services Department, based in City of London.

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Suitable applicants will probably be in the age group 22/25 and will have a good degree in economics, preferably with post-graduate experience. A second language would be advantageous.

Please apply in writing, giving full particulars, to:

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Please write to Digby Dodd at Overton Shirley and Barry, (Management Consultants), 2nd floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884. Please state any firms in which you are not interested.

Overton Shirley and Barry OSB

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In the first instance, please write with full personal and career details, quoting reference number 748, to the Confidential Reply Manager, T. G. Scott & Sons Limited, 30/32 Southampton Street, London, WC2E 7HR.

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Glaxo Operations UK LIMITED

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Applications, including a curriculum vitae, should be submitted to:—
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WANTED BY SMALL LONDON CONSULTANCY

Should be interested in and have some experience of corporate and financial PR. Must have good education. Prospects include directorship and profit-sharing.

PLEASE TELEPHONE:
01-734 6551

BUSINESS DEVELOPMENT

A major Brazilian Bank in London is expanding its international business development activity. It is seeking, therefore, to recruit a business development officer who should be in the 25-35 age group and have had at least 5-8 years' banking experience. Candidates are expected to possess initiative and ambition as the position offers considerable scope for advancement within the Bank's Group.

The post is London-based but the successful candidate will be required to visit companies in the United Kingdom and in Europe. A working knowledge of French or Portuguese will be an advantage.

The Bank offers competitive salaries.

Applications which will be treated in strictest confidence should be sent to Box A7771, Financial Times, 10 Cannon Street, EC4P 4BY.

International Banking

London Branch of highly successful International Bank requires energetic person to assist and report to Senior Officer—International Department.

The successful candidate will probably be aged 25-35 and will be familiar with a wide range of Commercial banking activities including Correspondent banking, marketing, Money Market, Foreign Exchange, International loans and loan documentation.

Languages an advantage.

Salary negotiable plus fringe benefits.

Apply to Mike Pope & Associates
1/2 Gracechurch Street
London EC3V 0DD

FINANCIAL CONTROLLER

SPECIALISED TRAVEL GROUP

West End, Over 45 **Up to £15,000 + car**

This specialised tour operating group has through acquisition and development created a unique position in the travel market.

The requirement is to take active and incisive control of the group's financial affairs. Particular emphasis will be laid on presenting the Board with clear and comprehensive financial information.

The successful candidate must be a qualified accountant with substantial commercial and administrative experience who would be attracted to a small, entrepreneurial group.

Please apply in confidence to I. H. Willis:

IAN WILLIS ASSOCIATES LTD.
Executive Selection Consultants
16 Regency Street, London SW1P 4DD.
Tel: 01-821 6543 or 821 6229.

Holman, Fenwick & Willan

COMMERCIAL LITIGATION

Large City firm practising in all branches of shipping law have vacancy for solicitor, or barrister wishing to transfer from bar, as assistant to partners specialising in commercial litigation arising in connection with shipping matters and marine insurance. Recently qualified candidates will be considered. Congenial offices and opportunity for foreign travel. This vacancy will be attractive to able, hard working and ambitious candidates seeking a long-term career in this branch of the law.

Write with c.v. to:
HOLMAN, FENWICK & WILLAN
Marlow House
Lloyds Avenue, London EC3N 3AL
(Ref: IMM/447)

EUROBOND TRADER

Amex Bank Limited

We need a keen individual with knowledge of Euro Securities and a readiness to learn, to strengthen our trading operation in LONDON.

Excellent salary with usual Bank fringe benefits.

Please apply in writing to:
Mr. E. J. Ralphs
Assistant Vice-President—Personnel
AMEX BANK LIMITED
Voyager House
253/257 High Street North
Poole BH15 1DW

AMERICAN EXPRESS

Group Financial Analysis

London under 30

Our client seeks to strengthen the central finance function of this engineering conglomerate by appointing two able financial analysts each reporting to the Group Financial Controller. The group has moved steadily towards more sophisticated financial analysis and control under the influence of top management well versed in the best financial practice.

Candidates will have had a sound grounding in financial analysis, and yet be willing and able to work initially with data from traditional accounting systems. A practical background in works or cost accounting or systems development could be useful. People of the ability required are likely to be under 30, qualified as accountants or have MBAs with finance as a speciality. Salary will be in a range to £15,000.

Please write briefly, in strict confidence, explaining why we should consider you. Quote reference 405/FT and mail to: John Courtis and Partners, 78 Wigmore Street, London W1H 9DQ.

John Courtis and Partners

Controller Operations Manager

International Investment

Belgravia c. £22,000+substantial benefits

This new company has excellent potential in servicing specialised sectors of investment banking. Strongly funded, it will advise its offshore parent on equity investments, syndications and real estate opportunities on an international scale. The objective is for ambitious growth leading to becoming a significant force in international finance.

As part of a professional senior management team, the job is to set up and manage a high calibre, responsive back-up service. Taking full responsibility for accounting, personnel and administration, there will be involvement with systems development and multi-currency activities. Beyond this there will be opportunity for participation in investment decisions.

Candidates must be Chartered Accountants, aged mid to late thirties. They will be truly professional with high technical and personal standards. Successful relevant experience in merchant banking or other City environments would be an advantage. *Creativity, maturity and flexibility are prerequisites for success.*

Please reply in confidence giving concise career and personal details and quoting Ref. ER527/FT to I.D. Tomisson, Executive Selection.

AMS Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NH.

A member of the AMSA Group in Europe and of Arthur Young International

Manager, Accounting Services

Swindon

c.£20,000+car and substantial benefits

A well known and long established national retail organisation is looking for an exceptionally able accountant to manage the large and sophisticated accounting services function of its retail group.

Reporting to the Divisional Director, the person appointed will be aged 37–45, a chartered accountant with a good degree and with several years' experience at senior level in large well run retail organisations. An understanding of highly developed computer systems and the ability to motivate staff are essential.

An attractive compensation package will be negotiated and future prospects are excellent.

For an application form, please write in confidence to M.R.P. Blanckenhagen, 165 Queen Victoria Street, London, EC4V 3PD, showing how you meet the specifications for this appointment and quoting reference 4418/L.

Peat, Marwick, Mitchell & Co.
Executive Selection Division

Investment Analyst

Major Institution

Our client, a leading Institution in the City with funds in many markets, seeks an Analyst of high calibre who wishes to specialize in the Japanese market.

The successful candidate will be a graduate aged 22 to 25 with a sound record of investment research gained over one to three years within a Stockbroker or Institution. Knowledge of the Japanese market would be an asset but proven analytical ability and a keen interest in Japan are more important.

Working closely with the fund managers the position involves taking over responsibility for the coverage of the Japanese market and contributing recommendations towards the management of the fund.

The remunerative package, of salary plus benefits, will be attractive to the right individual.

Please contact Anthony Innes or Stephen Embleton, who will treat all enquiries in the strictest of confidence.

Stephens Associates
International Recruitment Consultants
44 Carter Lane, London EC4V 5BX. 01-236 7307

Group Accountant

around £15,000 plus car

This senior accounting post at the centre of a major publicly quoted group of companies encompasses monthly and year end consolidations, taxation, involvement with treasury matters and the effective operation of a small Head Office Accounts Department. Reporting to the Financial Director, the Group Accountant will also carry out the important task of monitoring and interpreting the financial performance of UK and overseas subsidiaries.

Qualified accountants, ideally aged 30 to 35, will need to have supplemented their professional training with industrial experience. Familiarity with accounting standards, auditing techniques and consolidations is essential. Candidates, of either sex, will have already indicated their business acumen in successfully handling discussions at a senior level and in showing the capacity to see the facts behind the figures.

Salary is negotiable around £15,000 plus car and the usual *fringe benefits. Assistance will be given towards costs of* relocating to South Yorkshire.

Write or telephone for an application form or send brief c.v. to the address below, *quoting ref: AA33/7909/FT on both letter and envelope*, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Norwich Union House, 73/79 King Street, Manchester M2 2JL. Tel: 061 236 4531

PA
A member of PA International

FINANCIAL CONTROLLER

TOURISM — £14,000

Our client, an expanding London based company operating tours to Portugal, requires a Financial Controller. ACA/ACCA with 4 years p.q. experience essential. Preferred age 28-35. Applicants should have sound knowledge of budgeting, cash flow, knowledge of budgeting, cash flow, systems including computers; entrepreneurial flair and potential to develop with the company. Travel company experience desirable.

Please apply with cv to:
A.T.B.C. Simpson, Buzzacott & Co.
Salisbury Square House
8 Salisbury Sq. London EC4Y 8HR

APPOINTMENTS WANTED

CHAUFFEURS. ROLLS-ROYCE trained, seek posts UK and abroad. Fry Consultants, 7, High St., Aldershot, Hants. Tel. 0252 315369.

Touche Ross & Co, Management Consultants

seek Accountants in London and Manchester at £12,500–£17,500+car

We are an expanding consultancy practice whose clients, both in the U.K. and overseas, include small businesses, multi-national corporations, governments and other public sector organisations.

The work will include analysing clients' problems, advising them on strategic planning and organisational matters and helping them to improve their operating, management information and control systems.

In addition to U.K. work, our consultants have opportunities to participate in projects overseas, for which generous supplements are paid.

Applicants should have a degree, an accountancy qualification and at least four years' business experience.

Please send a comprehensive career résumé, including salary history, quoting ref: 2031, to G. J. Perkins.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Gross Fund Manager

c £20.000+Benefits

A leading Accepting House is seeking a highly ambitious individual of outstanding calibre to assume a major role in the management of gross funds.

The successful candidate will be a graduate, aged between 27 and 32, with at least two years' experience of fund management with a major stockbroker or financial institution. A good knowledge of UK markets is essential.

This is a challenging position which should appeal to someone with a strong personality, a sense of humour and the confidence to achieve a high standard of performance. Prospects for promotion are excellent.

Please contact Philippa Rose

Philippa Rose & Partners Limited
18 Eldon Street
London EC2M 7LA
Telephone: 01-588 5196

PRP

ASSISTANT INVESTMENT MANAGER

City of London c.£12.000

NEM is a forward thinking insurance Company with ambitious plans for further development. Investment plays a vital part in our operations and there is now an opportunity for an Assistant Investment Manager to join a professional team based at Mitre Square, London.

The position calls for a graduate having experience in overseas markets and Eurobonds and possessing a high level of business flair and commercial acumen. The successful person, male or female, as part of the investment team, will be responsible for overseas investments including UK and offshore funds.

We are offering a competitive package including salary in the region indicated, advantageous mortgage facilities and non-contributory pension scheme.

Please apply with full CV to:
Ian R. Smith, Assistant Manager (Personnel),
NEM BUSINESS SERVICES LIMITED, NEM House,
Station Road,
Swindon SN1 1DF.
Tel: Swindon (0793) 40292.

NEM Insurance

MERCHANT BANKING

Leasing Executive

Hill Samuel & Co. Limited are seeking a young Executive for their Leasing Company, whose primary function will be to assist in the expansion of the company's business with particular reference to the growth in fee income.

The successful candidate, aged about 25, will be responsible for assistance in the marketing of these activities and consequently will be required to prepare and make presentations to existing and potential clients.

A degree, or comparable qualifications, is desirable but not essential and the position could well be filled by a person who does not necessarily have leasing knowledge but who has some experience in banking or accounting.

Please write in confidence, with full career details to:

R. C. G. Gardner,
Director of Personnel,
Hill Samuel & Co. Limited,
100 Wood Street, London EC2P 2AJ

HILL SAMUEL & CO LIMITED

Financial Controller

Precision Engineering to £14,500 p.a.

Located in North East London, this profitable, 100-strong precision engineering company's management team have just completed a management buy-out from the parent group, which hitherto provided accounting services. To complete the team a financial controller is required.

The company is a substantial exporter, and has a range of products unique to the U.K. Duties embrace full control of the function in all aspects, particularly management accounting and company secretarial duties.

Candidates aged up to 40 should be qualified accountants, preferably A.C.M.A., with mature experience of the function in light engineering/manufacturing.

Starting salary to £14,500 p.a., plus car and benefits. Excellent prospects of Board appointment.

This appointment is open to both male and female candidates who should send adequate particulars initially, in confidence, to S. W. J. Simpson

Spicer and Pegler Management Consultants
St Mary Axe House, 56-60 St Mary Axe
London EC3A 8BJ

FAR EAST STOCKBROKING

Bone Fitzgerald & Co. Limited are seeking a highly motivated self-starter for their Hong Kong office, preceded by a period at their London office.

This position may appeal to a successful UK Institutional Sales Executive seeking the opportunity of developing his/her skills in a stimulating and challenging environment.

Telephone or write to:
Andrew Oliver, Bone Fitzgerald & Co. Limited
85 London Wall, London EC2 01-588 4962

COMPANY ACCOUNTANT

Our Group of Companies is heavily involved in Procurement, Recruitment, Shipping, Travel and Services for Major Clients, on a world-wide basis, making full use of computer facilities. We now need a Company Accountant responsible direct to the Managing Director, for all financial corporate controls and systems throughout the operating units, whose Accountants will report to him.

Suitable candidates will be young, dynamic, qualified Chartered Accountants with in-depth commercial experience, involved with large financial function in a similar group. Experience of computerised systems will be an asset. We will offer the successful candidate excellent contract conditions with a salary of c£12,000p.a. If you have the experience and would like to join a progressive and expanding organisation, please send full detailed C.V. and copies of qualifications, references, etc. (quote ref no HO/1) to:—

D G M McCall Managing Director
KAL Enterprises (UK) Limited
40 Upper Brook Street London W1Y 1PF

Lawyer

Merchant Banking

Standard Chartered Merchant Bank Limited, a wholly-owned *subsidiary of Standard Chartered Bank PLC*, Britain's biggest independent international Bank, has a vacancy for a commercially-minded lawyer in its expanding International Project Finance Division. The Division is responsible for arranging financing for major capital projects worldwide.

The successful candidate will be expected to integrate with the new business team in the preparation of loan documentation and the structuring of complex financial transactions. As a minimum, candidates will have had at least three years post-qualification experience in commercial law with a major firm of City solicitors.

An attractive salary, substantial fringe benefits and good *career prospects are offered.*

Written applications, with a full curriculum vitae, should be sent in confidence to:-

The Personnel Manager,
Standard Chartered Merchant Bank Limited,
33-36 Gracechurch Street,
London EC3V 0AX.

Standard Chartered Merchant Bank

AMBITIOUS GRADE IV's

Expanding subsidiary of major international group seeks experienced staff for UK lending business

Contact: Jack Shebson, Company Secretary
BANK LEUMI (U.K.) LTD.
Tel: 01-629 1205
4/7 Woodstock Street, London W1A 2AF

RESEARCH ASSISTANT

INTERNATIONAL FIRM OF SURVEYORS AND VALUERS SEEK AN ASSISTANT TO WORK WITH THE RESEARCH ANALYST

JOB
1. Includes helping with and processing research into all aspects of the property market in a recently formed research section.
2. Provide general secretarial skills for research analyst.
3. Provide help in identifying and locating information required by partners and staff.

QUALIFICATION
A university degree in economics, geography or planning or equivalent professional or business diploma, and typing proficiency. Past experience in an applied research position in similar fields would be an advantage.

SALARY
Will be commensurate with qualifications and skills of the successful candidate.

Apply with c.v. to Ref: M.T.
SAVILLS, 20 Grosvenor Hill, Berkeley Square, London W1

CORPORATE FINANCE

ATTRACTIVE REMUNERATION PACKAGE WITH USUAL BANKING BENEFITS

Several of our Accepting House clients are seeking additional executives for their Corporate Finance Departments. Applicants should be graduate Chartered Accountants or Solicitors aged between 25 and 32. Post-qualifying experience *of investigations or corporate tax* would be an advantage.

Please telephone Peter Latham

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate London EC2M 4LX · 01 623 1266

MOVE INTO COMPUTERS

c. £15,000 - £16,000

Well established progressive British computer organisation need a professional executive with good City background and potential sales ability—high basic salary, guaranteed earnings and excellent training for the successful candidate. For further information call Pamela Hills on 01-628 2691.

DRAKE PERSONNEL CONSULTANTS

International Appointments

BANKING MANAGER

Saudi Arabia **£25,000 + tax free**

Leading Telecommunications Group

Our Client is the leading telecommunications Company in Saudi Arabia enjoying spectacular growth since its inception.

To sustain its projected development, the current and urgent requirement is for a senior banker to assume responsibility for all the company's banking and treasury activities, including cash flow co-ordination and funding.

Candidates, probably in the age range 38/45, will possess a strong background in commercial or international banking with experience of foreign exchange, credit and guarantee facilities.

This newly-created position is offered on the basis of a 2 year renewable contract and is accompanied by a very favourable salary and expatriate benefits to match.

Contact Norman Philpot in confidence on 01-248 3812

NPA Middle East Recruitment

60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

LEADING FINANCIAL INSTITUTION IN SAUDI ARABIA SEEKS

Chief Accountant / Operations Manager

Minimum 12 years banking experience with emphasis on general operations to include foreign exchange settlements, documentary credits and bills, guarantees and loan administration. General familiarity with data processing regional and multi-branch banking.

Foreign Exchange Settlements Supervisor

Reporting to chief accountant, applicants to have good understanding of all aspects of spot and forward foreign exchange dealing and have at least three years experience in settlements as well as four or five years general operations experience.

Loans And Bills Supervisor

Reporting to chief accountant, responsible for loan administration, to include syndicated loans, advances, documentary credits and guarantees. Applicants should have at least eight years expercience in the above areas.

Tax-free salaries, free accomodation and an attractive benefits package will be offered to successful applicants.

Please reply in confidence to:
Mr. Alan Wood,
8, Crosby Square, London EC3A 6AN.

All interviews will be held in London.

GENERAL MANAGER

FINANCE COMPANY
Middle East

A leading finance company owned by major Arab financial and government institutions in the Gulf States requires a General Manager for a newly established joint venture operation.

Responsibilities include market development with concentration on the construction, transportation and petroleum industries.

Previous experience in equipment financing, leasing or hire purchase, credit evaluation and marketing is essential.

As the company is a dynamic and rapidly expanding organisation, opportunities for further advancement are excellent.

Compensation includes a tax free salary of US$55,000 per annum plus generous bonus and usual fringe benefits.

Please send replies in confidence to: Box A.7770 Financial Times, 10, Cannon Street, EC4P 4BY

Financial Directors

(DESIGNATE)

Botswana and Zimbabwe

Multi Construction & Engineering Limited (MCE) is an independent building and civil engineering group with diverse operations in Britain, the USA, Australia and the world's developing countries.

Owing to a phenomenal growth rate, we now seek Financial Managers for two operating companies (construction and plastics industries) located in Botswana and Zimbabwe, respectively. In both cases, the full spectrum of financial management responsibilities is involved.

Applicants must be qualified, experienced Accountants under 40 with, ideally, a knowledge of the construction industry.

In return we offer a generous remuneration package including free air passages for the appointee and immediate dependents, relocation and settling-in allowances, company car, etc. Both countries provide good schooling together with outstanding recreational facilities with the accent on outdoor pursuits.

Additionally, board appointments are available on successful completion of initial period.

Please send full personal and career details (including phone number and, if possible, a recent photograph) in confidence to: Mr. M. P. Douglas, Multi Construction (UK) Limited, Roberts House, 59 Durnsford Road, Wimbledon, London SW19 8HX, where interviews will be conducted.

MCE

Scotiatrust

CAYMAN ISLANDS

require a

Qualified Accountant

and an

Administrator

for their Insurance Services Division

THE ACCOUNTANT. This is a management position reporting to the Manager—Insurance Services. The successful applicant will be responsible for the preparation of the financial statements of insurance companies under management and the co-ordinating of accounting activities in the Insurance Services Division. Applications will be entertained only from those persons holding a recognised accounting qualification and having experience of compiling or auditing insurance company accounts. Salary will be according to experience but not less than £17,500 p.a. tax free.

THE ADMINISTRATOR. The applicant must have a minimum of five years' experience in insurance, banking or company secretarial fields and hold A.I.B., A.C.I.S., A.C.I.I. or similar qualification. The salary will be not less than £15,000 p.a. tax free.

Additional benefits applicable to both positions include pension funds, group life insurance, medical plans, four weeks' annual leave with air fares paid to U.K. and relocation allowance.

Interviews will be held in London, or other cities if necessary, in March/April but in the first instance applications to include full details of qualifications and previous experience should be sent airmail to the Managing Director, The Bank of Nova Scotia Trust Company (Cayman) Limited, P.O. Box 501, Grand Cayman, British West Indies.

Our client is a major international petrochemical group. Their head office, based in Switzerland, as well as their regional offices throughout Europe require to fill several extremely important positions:

DIRECTOR OF SALES

For this key position, candidates should have a university degree or equivalent in chemistry or chemical engineering, and at least ten years experience preferably acquired with a major international chemical company. He will be responsible for European sales activities, at present exceeding one billion dollars. As key member of the marketing organization, he will report directly to the Vice President-Marketing.

Outstanding abilities in motivating a team and in the organization and control of a European network of sales offices are essential.

A remuneration package commensurate with this responsible position will be offered to the successful candidate. For this Swiss-based position preference will be given to Swiss nationals or holders of a valid Swiss work permit.

PRODUCT MARKETING MANAGERS

Several highly motivated executives are required to take responsibility for a range of petrochemical products. Reporting to the Marketing Director, candidates should have a degree in chemistry or chemical engineering and have at least five years experience, preferably with a leading international company.

An attractive remuneration package and outstanding career prospects will be offered to successful candidates. Preference is given to Swiss nationals or holders of a valid Swiss work permit.

SALES PROFESSIONALS

As a result of the extensive expansion program of its sales offices network, covering all major European cities, the group created important vacancies for sales professionals with drive and initiative. Based in those cities as either Regional Sales Managers or Regional Sales Representatives, they should have acquired a sound experience with a petrochemical or a chemical multi-national group. An attractive remuneration package is offered in each country.

Applications (including c.v. and photograph) should be sent to UNIVERSAL-McCann C°, Haddon House, 2/4 Fitzroy Street, P.O. Box W1A 1AT, LONDON W1A 1AT, ENGLAND, who will transmit confidentially, under ref.BEL2.

FINANCIAL CONTROLLER

HONG KONG **c.£17,000**

We are a long-established firm of Civil Engineering Consultants. Our Hong Kong operation currently employs more than 200 staff and is expanding.

We need a qualified accountant to take overall control of financial and budgeting matters and also the personnel and administrative functions.

You should be aged between 28 and 34 and have experience in commercial organisations using project costing techniques.

The successful applicant MUST be qualified either ACA or ACCA.

Benefits include accommodation (or allowance), six weeks' annual leave with paid home trips, pension scheme etc.

Please write with full details of your qualifications and experience to Alan Hazlewood, Staff Officer, Freeman Fox & Partners, 25 Victoria Street (South Block), London SW1H 0EX.

Freeman Fox & Partners

INVESTMENT MANAGER

KUWAIT

A leading Kuwait-based Investment Company with interests and affiliates worldwide requires for its head office an Investment Manager.

The successful candidate will preferably be aged 30-45, with at least 5 years' experience and a proven track record in Real Estate and related investment activities.

A sound knowledge of, and background in, the American and European markets would be a distinct advantage.

A tax-free salary in the range of U.S.$45,000 (negotiable) plus a generous benefits package is offered.

Please send CV in strictest confidence to: Box A7767, Financial Times, 10 Cannon Street, EC4P 4BY.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

محلّلون للشؤون المالية

مرتبات عالية وامتيازات كاملة

ان عميلنا هو مؤسسة كويتية منتشرة في اقطار عديدة لها نشاطات تجارية في جميع أنحاء العالم ، يصل رقم مبيعاتها حوالي ٥٠٠ مليون دولار . وقد ادت حركة التوسع والترقيات داخل المجموعة الى خلق عدد من الشواغر .

محلّلو استثمارات

مسؤولون عن تنمية الادراك بسوق السندات المالية للكويت/الخليج ، وسوق العقارات الكويتية ، والسياسات الضرائبية والسياسية للحكومة ، واسواق البضائع والمعادن ، وعلاقتها بالنشاطات التجارية التقليدية الحالية . ويوفرون تحليلات لهذه النشاطات والتفسيرات والتوصيات التي تساعد الادارة على اتخاذ القرارات فيما يتعلق بالاستثمارات الجديدة ، حتى ولو تعارضت هذه مع التفكير السائد .

محلّلون للمراقبات المالية

مسؤولون عن اعداد الميزانيات واثبات صلاحيتها ، وتحليل الاعمال السابقة والقادمة وتفسيرها ، وتحليل المشاريع ، والتخطيط لاجمالي الارباح المتبقية والمبالغ المجنّبة لمواجهة هبوط القيمة ، وتطوير أنظمة محاسبية لمساندة الاحتياجات الاعلامية .

محلّلو تطورات الاعمال

مسؤولون عن تقييم للمشاريع التجارية المحتملة من الوجهتين المالية والتسويقية ، واعداد الدراسات عن امكانية التنفيذ وعن الخطط المالية المتعلقة بها .

المتقدمون يكونون مواطنين عرب ، اعمارهم دون ٣٥ سنة بصفة تفضيلية ، حاملون للشهادات الجامعية في الاقتصاد او ادارة الاعمال ، ومتمتعون بمهارات تحليلية متطورة للغاية ويكونون قد استخدموا التقنيات المتكلّفة . كما يجب ان يتمتعوا بمقدرات عرض ممتازة وان يجيدوا اللغتين الانجليزية والعربية اذ ان الاعمال الشفوية والكتابية سوف تتم بكلتا اللغتين .

تتمتع الشركة بسمعة عالية من حيث التطور في المجال الاداري ، وستعطي الافضلية للمتقدمين القادرين على الافادة من فرص التقدم في العمل التي سوف تتوفر .

يجب ارسال البيانات عن سيرة الحياة الشخصية والمهنية مكتوبة بالانجليزية الى :

Nigel Lilley,
Hoggett Bowers Selection Ltd.,
Sutherland House,
5/6 Argyll Street,
London W1E 6EZ, England

مع ذكر رقم الاشارة : Ref: 22307

سوف يعقد مستر ليلي مقابلات في اقطار مختلفة خلال شهر مارس (آذار) ، ويمكن الاتصال به هاتفيا على رقم ٦٨٥٢ ٧٣٤ – ٠١ او بالتليكس ٨٤٧٧٧٧ DELRAY G Attn. HOGBOW 262.

FINANCIAL CONTROLLER-KUWAIT

CONSTRUCTION INDUSTRY **UP TO £30,000 + BENEFITS**

Musaad Al-Saleh and Sons Limited is a Kuwaiti construction company engaged in major contracts in Kuwait and the Gulf. The company is expanding rapidly and is seeking a Senior Financial Controller. Reporting directly to the President of the company, the successful applicant will be responsible for all accountancy and financial functions including budgets, cash flows and improvements in systems.

Applicants should have a university degree or a professional accounting qualification as well as several years accounting experience including periods both in senior financial appointments and in the construction industry. Preference will be given to candidates who have good experience in data processing and some knowledge of Arabic.

The salary is tax free and the package includes furnished accommodation or housing allowance, car and other usual benefits. Contract duration is unlimited. Please send a comprehensive career résumé, including salary history, quoting reference 2047, to G. J. Perkins.

Touche Ross & Co, Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR.
Tel: 01-353 8011.
A member of the Management Consultants Association.

Financial Controller

BARBADOS

c.£15,000 + car and benefits

- A prestigious and substantial resort/hotel/apartment complex in Barbados wishes to recruit a young, ambitious, qualified Accountant to act as Financial Controller for its expanding and profitable operations.
- The successful applicant will probably be aged between 25 and 35, either single or married, have a pleasant, outgoing personality, with the ability to liaise at all levels. Experience of the hotel industry, either in the profession or in commerce, would be a major advantage.
- The total benefits package is extremely attractive and is for a two year contract representing an exceptional opportunity to work in a friendly but challenging business environment in a superb location.

Please telephone or write to S.W.J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55303.

GROSVENOR STEWART
Executive Search and Selection

TELEVISION

BBC 1

6.40-7.30 am Open University (uhf only). 9.05 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 King Rollo. 1.50 Bric-a-Brac. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.15 Holiday with Cliff Michelmore. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Huckleberry Finn and his Friends. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

6.55 Tomorrow's World.

7.20 Top of the Pops with Dave Lee Travis.

8.00 The Kenny Everett Television Show.

8.30 Goodbye Mr Kent, starring Richard Briers and Hannah Gordon.

9.00 News.

9.25 *Shoestring*, starring Trevor Eve.

10.15 Question Time with Robin Day.

11.15 Top Sailing (The Freedom Rig).

11.45-11.50 News Headlines.

Chris Dunkley: Tonight's Choice

In these days of the megabuck (which now seems to be the standard television term for large quantities of pound notes) it makes a refreshing change to find somebody with his own name attached to a series moving from ITV to the BBC, though it is predictable, perhaps, that it should be Kenny Everett who is swimming against the tide. The Kenny Everett Television Show, which starts an eight-part series on BBC-1, sounds like being pretty similar to his recent ITV series, complete with Sid Snot and Marcel, though without Captain Kremmen. If he can sustain the marvellous bad taste of the "Shoot The Dog" game show in his BBC-1 Christmas programme, it will be worth watching.

Given the sheer extent of the Second World War and the numbers involved in fighting it, perhaps it is not surprising that revelations about individual incidents are still being made nearly 40 years later; we shall never know the whole truth, I suppose. Forty Minutes on BBC-2 fills in another nasty little corner tonight when Alan Patient investigates the court-martial of 192 British soldiers who were arrested in Italy in 1943 and found guilty of mutiny.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
12.00-12.50 pm Open University.
3.55 *Muggeridge: Ancient and and Modern.*
4.50 Caught in Time.
5.10 Paris Exhibition 1900.
5.40 Laurel and Hardy in "Scram."
6.00 All Creatures Great and Small.
6.55 County Hall.
7.20 News Summary.
7.25 History on Your Doorstep.
7.50 *The Shogun Inheritance.*
8.30 Russell Harty.
9.00 Call My Bluff.
9.30 Forty Minutes.
10.10 Kyung-Wha Chung Plays Bach.
10.45 Newsnight.
11.30-12.15 am The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes (half-term repeats). 12.00 The Wombles. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take The High Road. 2.00 After Noon Plus presented by Judith Chalmers and Trevor Hyatt. 2.45 The Gate of Eden. 3.45 How's Your Father? 4.15 Dr Snuggles. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport: Simon Reed and Allan Taylor reflect the sporting scene at home and abroad.
7.00 Does The Team Think? Tim Brooke Taylor is the chairman and the panel consists of Beryl Reid, Jimmy Edwards, Frankie Howerd and William Rushton.
7.30 Rising Damp.
8.00 Falcon Crest.
9.00 Shelley, starring Hywel Bennett.
9.30 TV Eye.
10.00 News.
10.30 *Danger UXB, starring* Anthony Andrews.
11.30 Parents and Teenagers.
12.00 am What the Papers Say.
12.15 Close: Sit Up and Listen with Robert Kilroy-Silk MP.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Not for Women Only. 3.45 Make Mine Music. 4.20 Vicky the Viking. 4.45 The Adventures of Black Beauty. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 10.30 North Sea Saga. 11.15 Parents and Teenagers. 11.45 Marie Gordon Price in Concert. 12.15 am Lent with Luke.

BORDER

1.20 pm Border News. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Golfing Greats (Johnny Miller). 11.00 Parents and Teenagers. 11.30 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 4.20 Sport Billy. 4.45 Jason of Star Command. 5.15 Here's Boomer. 6.00 Crossroads. 6.25 Central News. *7.00 Emmerdale Farm.* 7.30 England Their England. 10.30 Venture. 11.15 Central News. 11.20 The Late Film: "Minnesota Clay," starring Cameron Mitchell.

CHANNEL

What's On Where and Weather. 3.45 End of Part One. 5.20 Crossroads. 6.00 Channel Report. 6.35 What's On Where. 6.40 On the Water. 7.00 Benson. 10.28 Channel Late News. 10.34 A Better Read. 11.05 Parents and Teenagers. 11.30 In Concert (Elkie Brooks). 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 The Flying Kiwi. 4.50 Sport Billy. 6.00 North Tonight. 6.30 Police News. 6.35 Crossroads. 7.00 It's George. 10.30 Bizarre. 11.00 Parents and Teenagers. 11.30 Seacid Laithean—Angus Peter Campbell presents the wek's news in Gaelic. 11.45 *Living and Growing—A preview for* parents and teachers. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Yesterday. 4.20 *Here's Boomer.* 4.50 Voyage to the Bottom of the Sea. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 10.30 Lou Grant. 11.30 What the Papers Say. 11.45 Late *Night from Two.*

HTV

1.20 pm HTV News. 3.45 Square One. 4.20 Palmerstown USA. 5.10 Jobline. 5.20 Crossroads. 6.00 HTV News. 6.30 The Cuckoo Waltz. 7.00 Emmerdale Farm. 10.28 HTV News. 10.30 Scene '82. 11.00 Survival. 11.30 The Great Depression.

HTV Cymru/Wales—As HTV West except: 11.22-11.37 am Am Gymru. 12.00-12.10 pm Mwsti. 4.5 Fanfare for Young Musicians. 4.45 Sêr. 5.10-5.20 The Undersea Adventures of Captain Nemo. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.30-11.30 All Kinds of Everything.

SCOTTISH

1.20 pm Scottish News. 1.30 Bygones. 4.20 Palmerstown USA. 5.10 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Bodyline. 6.30 Now You See It. 7.00 Take the High Road. 10.30 Make Mine Music. 11.00 *Parents and Teenagers. 11.30 Seachd* Laithean. 11.45 Living and Growing for Parents adT neachers. 12.15 am Late Call.

TSW

1.20 pm TSW News Headlines. 3.45 End of Part One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Tele Views. 6.40 On the Water. 7.00 Benson. 10.32 TSW Late News. 10.35 Controversy: Wives and girlfriends *should be "submissive and obedient"* to the men in their lives. 11.05 Parents and Teenagers. 11.30 In Concert (Elkie Brooks). 12.00 Postcript. 12.05 am South West Weather.

TVS

1.20 pm TVS News. 2.00 Not for Women Only. 3.45 Square One. 5.15 Radio. 6.30 Coast to Coast. 6.00 *Coast to Coast (continued).* 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Just Williams. 11.00 Parents and Teenagers. 11.30 City of Angels. 12.30 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News *and Lookaround.* 4.20 The Lone Ranger. 4.45 Voyage to the Bottom of the Sea. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Job Slot Extra. 10.35 Bizarre. 11.05 Check It Out. 11.35 The Open Window. 11.55 Judaism—"The Jewish Way of Life."

ULSTER

1.20 pm Lunchtime. 4.13 Ulster *News. 4.20 Here's Boomer.* 4.45 Schools Challenge. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.25 Police Six. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.35 We'll Meet Again. 12.00 News at Bedtime.

YORKSHIRE

1.20 pm Calendar News. 3.45 Struck by Lightning. 4.20 Sport Billy. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Country Calendar. 11.00 Parents and Teenagers. 11.30 Ladies' Man.

RADIO

(S) Stereophonic broadcast
† *Medium Wave*

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 The Record Producers: Glyn Jones. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry *Wogan (S). 10.00 Jimmy Young (S).* 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club (S). 9.00 Alan Dell with the Big Band Sound (S). 9.55 *Sports Desk. 10.00 Know Your Place.* 10.30 Star Sound Extra with Nick Jackson. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: *Bernstein (S). 9.50 Scarlatti* and Brahms piano recital (S). 10.40 Bax and Hyde chamber music recital (S). 11.25 Berg and Mahler concert (S). 1.00 pm News. 1.05 Manchester Midday Concert (S). 2.00 "San Giovanni *Battista," oratorio by Alessandro Stradella* (S). 3.25 Bartok string quartet recital (S). 4.00 English Piano Music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Duets and Divisions (S). 7.20 "Garland for a Hoar Head" by John Arden (S). 9.25 Music in Our Time (S). 10.15 Words. 10.20 Brahms and Mahler song recital (S). 11.00 News. 11.05-1.15 Artur Rubinstein (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Your *Move or Mine.* 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 *Brain of Britain* 1982 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Home Base. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 *Concert from Lancaster, part 1: Haydn,* Bartok (S). 8.25 Irish Giants and Missing Links (talk by Philip Doughty). 8.45 Concert, part 2: Dvorak (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BUSINESS LAW

Overseas effects of nationalisation

BY A. H. HERMANN, Legal Correspondent

"INSPIRED" IS probably the right word to describe the timing of the conference held last week in Paris by the Institute of International Business Law and Practice, a branch of the International Chamber of Commerce. The nationalisation laws appeared in the *Journal Officiel* during the preceding weekend, and the conference opened immediately after the Government appointed captains to the newly nationalised fleet of French industry and banking. The subject of the conference was "International Effects of Nationalisations." The main concern of those taking part was the fate of the foreign holdings of the nationalised French companies.

Not that anyone would have advertised this concern too loudly; indeed, such was the reticence of the faculty that the French nationalisation moves were not even mentioned during the first session.

However, the reticence did not last long. At the end of the second day French academics were up in arms when a Swiss attorney foreshadowed the possibility that Swiss courts might not recognise the transfer of ownership of Swiss subsidiaries, branches and other holdings of the nationalised banks and industrial groups.

The excitement was hardly justified. The French have performed their nationalisation pirouette with elegance, and those who would like to attack its extraterritorial consequences have no legal leg to stand on. That is, so long as they limit themselves, as those at the Paris conference did, to arguments based on the requirements of legitimacy, non-discrimination and compensation.

However, one might view the whole operation as a huge merger. Because of this, it paid to endure an excessively long and meandering lecture by Professor Joe Verhoeven of the University of Louvain. One of the young generation of academics who try to replace law by political science, he came closest to identifying the real issue: the problems created by a nationalisation of this sort will have to be solved by finding a balance between the *requirements of economic independence* and those of international co-operation.

The majority of speakers sounded as if they held a brief for the French Government, so pessimistic were they about the *legal defences available to* those who might seek to limit the consequences of the nationalisation to France. They argued that nothing could prevent the effects also reaching other states where the nationalised enterprises have their organisational networks, patents, trade marks and other assets.

Ostensibly nothing has changed in the ownership of these assets. The nationalisation of the parent companies has not been carried out by an expropriation of assets but by an orderly takeover of shares from private owners — state-controlled enterprises and institutions retain their present *shareholding — in exchange for* a promise of fairly generous compensation in the form of government guaranteed paper bearing interest which will move up and down with the current rates and is repayable in the course of 25 years.

This sort of nationalisation is a far cry from the confiscatory expropriations in the Soviet Union, Hungary and Cuba, which provided the cases on which U.S. courts formulated their rulings.

In the view of Mr Ira Millstein, a leading U.S. attorney, American courts will not superimpose their own judgments on those made by foreign governments, particularly democratically-elected governments acting in accordance with their own estabished principles when faced with a *bona fide* responsible compensation programme.

Mr Millstein was not so certain that nationalisation would not lead to some reaction by the Reagan Administration, which has been examining substantial foreign investments in the U.S. more closely, especially those by foreign, government-owned entities, and particularly in "sensitive" segments of the U.S. economy.

However, although foreign governments may appear to be *guided more by their political* aims than by commercial self-interest in the administration of their assets, the U.S. Government has no authority to forbid *such acquisitions nor to order* divestitures on such grounds. But foreign enterprises can hardly afford to antagonise the U.S. Government; they might *find their operations constricted* by regulatory hurdles, additional security clearance requirements, and an absence of government contracts.

The same concern over foreign-owned enterprises, *whether private or governmental*, is felt in Canada, but there the Government has the legal means for intervention. All changes in ownership of *foreign subsidiaries in Canada* have to be reported in advance to the Canadian Foreign Investment Commission and can be barred if considered harmful *to the Canadian economy* or interest.

Returning to Europe, it appears that Germany has the most complete legal equipment *for dealing with foreign* nationalisations. As many German enterprises straddled the frontier separating East and West Germany, and had their Eastern part nationalised German courts have developed the doctrine of severance. Shareholders may request the court to appoint an "emergency administrative body." And if they all meet in Germany they may do so even without the court in respect of property situated on West German territory, as the conference was told by Professor Ignaz Seidl-Hohenveldern of Vienna, who has devoted a lifetime to the study of nationalisations and confiscations. So much was to be said on the instruments available in German company law that the conference com*pletely omitted to consider the* very great powers of the Cartel Office which can bar acquisitions and other structural changes in large-scale industry.

English law does not seem to be so well prepared for such contingencies. Professor K. Lipstein of Cambridge, who gave the conference a detailed account of English case law, concluded that at present the expropriation of shares in the French parent company would not affect the position of its assets in England. The fact that the French company was now state-owned would change nothing in its ownership of shares in an English subsidiary.

But what if the French state, as the majority shareholder in an English company, oppressed its minority shareholders? The usual means would be available for their defence, but there were no specific provisions which would affect the shareholding of a nationalised foreign company.

So it seems that French nationalisations will not bring much business to English lawyers unless, of course, the Monopolies and Mergers Commission is asked to consider the subject.

RACING

BY DOMINIC WIGAN

THERE ARE not many runners for either the Kingwell Pattern Hurdle or the Jim Ford Challenge Cup at Wincanton this afternoon. Both races, however, offer plenty of interest to West Country racegoers, with the chase having attracted Border Incident and the Pattern Hurdle having been selected for Walnut Wonder's fifth race in under a month.

A win for Border Incident on a course on which the injury-prone veteran has excelled would be by far the most *popular result of the day, one* to set the ante-post departments buzzing. It is, following his dismal showing at Kempton three weeks ago, not *one I can envisage.*

At Kempton, Border Incident's performance saw him fading fully three-quarters of a mile from home in the Freshfields Chase and drew this closing comment from the Chaseform-Notebook: "It must be accepted that he is a light of past days."

Pulled up there, Border Incident is unlikely to trouble Henry Bishop unless he can return to the form which saw him failing honourably under top weight against Stopped in last season's Hermitage chase.

"The best horse in my stable," according to Josh Gifford, Henry Bishop lines up for today's three-mile-one-furlong test having run recently a highly encouraging race to finish third behind Roller-Coaster at Newbury.

Provided Walnut Wonder's tumble over the bigger obstacles has neither dampened his enthusiasm nor made his hurling over-deliberate, a win in the *Kingwell Pattern Hurdle should* be forthcoming for the Elsworth seven-year-old.

WINCANTON
1.15—Tom's Little Al
1.45—Walnut Wonder
2.15—Henry Bishop**
3.15—Dancing in Irish

WARWICK
3.00—Gallaher***
4.30—Gruinard*

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

PRODUCT DEVELOPMENT

Why shops are disenchanted with new brands

SUPERMARKET chains are becoming increasingly disenchanted with the plethora of new products being pumped out by food and drink manufacturers, according to a new survey of grocery retailers' attitudes towards new products.

The survey, published by the Kraushar and Eassie marketing consultants, suggests that the multiples are now less keen on new products than the last time the survey was carried out two years ago. This conclusion poses a major problem for manufacturers keen to get national distribution to recoup the development expenditure on new products.

The manufacturers believe that it is necessary to continue their high level of new product development since, with a static overall demand for food, profitable margins can best be earned on products which have created a new and distinctive market.

Such achievements are possible, even though the overwhelming majority of new products fail. The major success last year was RHM Food's "Cracottes"—voted the most successful new product in KAE's survey of trade buyers. Cracottes, a form of extruded bread, are toasted and not baked as are ordinary crackers or crispbreads. Since they were launched by RHM last year, Cracottes (and the "me-too" brands it has spawned) have created a new market worth some £25m a year.

TOP 10 MOST SUCCESSFUL NEW PRODUCTS 1981

1	Cracottes
2	Five Alive Juice
3	Ariel Automatic
4	Crackerbread
5	Krona Margarine
6	Bisto Gravy Granules
7	Kestrel Lager
8=	John Player Special King Size Filter
8=	Smiths Square Crisps
8=	Shake'n Vac

Source: Kraushar and Eassie

In the KAE survey, none of the multiples' buyers was more favourably disposed towards new products than two years ago, while a quarter definitely favoured them less. The remaining three-quarters said their attitudes had not changed over the past two years.

A further question asked was whether trade buyers had actually accepted more or less new products over the last year than the year before. A third of the buyers from multiples said they had accepted less, while a quarter said they had accepted more (the rest said they had accepted about the same).

According to other questions, KAE says that "the lack of a product advantage has emerged as easily the strongest reason for refusing new products, being mentioned by 83 per cent of the multiples."

Given the surprising level of disenchantment towards new products by the retailers, the consultants decided to carry out a further attitude survey of the trade buyers from the main supermarket groups. This clearly indicated that while the top two of three multiples claimed to be taking the same or more new products than two years ago, it was the smaller chains that were becoming more choosy.

The reasons for choosing new products obviously varied from chain to chain but there were three main criteria common to all buyers: was there space in the market for the new product; was the product innovative; and was it good quality.

Price of the product was often mentioned, but it was rarely the main criterion used to decide whether to take a new product.

Most of the buyers surveyed said that their criteria had not altered significantly over the past two years. However, one major buyer claimed that "our criteria have altered in that we're now much more keen to look at minor products from minor companies. Previously we wouldn't have considered such products."

TOP 10 MOST SUCCESSFUL COMPANIES IN LAUNCHING NEW PRODUCTS 1981

1	Levers
2	United Biscuits
3	Players
4	Gallahers
5=	Birds Eye
5=	Pedigree Petfoods
7	Procter & Gamble
8	Kelloggs
9	Mars
10	Smith Foods

Source: Kraushar and Eassie

Another buyer suggested: "We're far more discerning now in terms of innovation. We're not so keen to have duplication as we are to have variety."

Conversely, the main reasons for failure, cited by the buyers, were: lack of innovation, poor quality, badly designed packaging, and lack of media support.

One buyer commented: "Me-too products don't do very well. In many cases a Me-too product pulls the existing market down with it. Too many brands split the market and reduce sales of each brand which means they can't be supported by advertising and so the market dies."

Peter Davis, assistant managing director of J. Sainsbury, echoes the need for innovation. "Unfortunately, much of the development is of a 'me-too' nature and I would quote as an example the pot snack market. Here, four or five major companies devoted enormous resources to developing a highly processed food, the market for which appears not to be soundly based and now seems to be in sharp decline."

KAE's survey also identified key growth areas for new products. Almost all the buyers mentioned wine as a growth market—"Wines are growing like mad," said one buyer. "We can't sell enough of them." Other drink sectors were also suggested as having growth potential, although not as fast as for wines.

Several other sectors were mentioned repeatedly by the buyers. These included: dairy products, frozen foods, health foods, carbonated drinks, fruit juice, pet food, meat, fresh foods, and non-foods. Throughout the survey, however, the emphasis was on quality and true product innovation.

* New products in grocers 1982, Kraushar and Eassie, 20 Buckingham Street, London WC2, price £145.

David Churchill

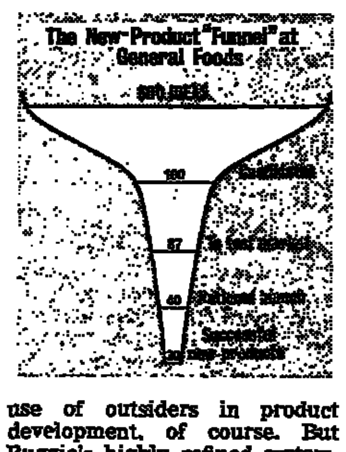
How manufacturers can cut the risks of innovation

MINNESOTA Mining and Manufacturing — more commonly known as 3M—is better than most companies at bringing new products to market. Yet out of every 100 of its new product concepts, only about a third prove technically feasible, and a bare three per cent are commercially successful.

Or take General Foods. It reckons that for every 600 new product ideas it vets in any year, less than 90 get as far as the test-marketing stage, and only 30—or five per cent—are commercially successful at the end of the process, which may stretch over as many as 10 years.

The high failure rate of new products, both at the ideas stage and—much more expensively—in the marketplace, can be reduced by the more efficient channelling of creativity, says Frederick D. Buggie. In other words, the "neck" of the new product "funnel" can be narrowed.

A well-built, fast-talking American with years of line management experience in manufacturing, Buggie has built a busy consultancy, Strategic Innovations Inc, on his particular technique for new product development. This involves the carefully-controlled use by companies of a form of brainstorming with hand-picked outside experts such as academics, government officials, consultancies and other companies. Even architects and eye surgeons have helped some of the 100-plus companies in the U.S. and Europe which have tried the approach so far, including Alcan, McGraw Hill and Budd.



There is nothing new in the use of outsiders in product development, of course. But Buggie's highly refined system, as well as his personal style, has proved unusually popular. Now he has burst forth with a book which reveals all—or nearly all—and which is in two American book club lists.*

Its title, New Product Development Strategies, is a decided textbookish turn-off which belies its stimulating style and contents. It will provide controversial food for thought, even to those who may be sceptical about Buggie's particular technique.

A host of provocative aphorisms pepper the first third of the book. Listing the corporate barriers to creativity, Buggie cites the career price of being wrong; the lack of incentive to try anything new once an executive has "hit a big winner"; overmanagement by his superiors; and the all too frequent experience that "many companies simply do not respond at any level to the stimulus of a creative proposal."

After giving a few tips on how to overcome these obstacles ("or how to be more like a raccoon" — an unusually creative animal, by all accounts), Buggie moves on to the essence of his message: that what a manufacturing company *does* is the mainstream of its business.

"A company makes things and sells things. That's it. All the other functions that are performed in the organisation are subsidiary and exist only to support the making and the selling. Designing, purchasing, borrowing money, managing, training, advertising, accounting, testing, planning — and any other functions you can think of that are commonly carried on in a manufacturing organisation — serve either the production or the marketing of the product."

More controversial is Buggie's assertion that a manufacturing company needs to concentrate more on its technological core than its market base when deciding how to diversify. The classic remark that the U.S. railroads should have gone into the airline business when they were threatened in the 1930s is wrong, claims Buggie. Nor should American Can have gone into the glass bottle business, "but it did, perceiving itself to be in the container business. Things didn't work out. What does American Can know about bottles?"

A manufacturing company "is married to the technology and the production facilities and processes it already possesses," he continues. "But it is not married to any given market — the company is free to exploit or capitalise on its production facilities in any given market."

By no means every executive would agree with this, particularly at a time when new technology is sweeping through factories all over the world, opening up new product and market concepts by the dozen.

But the marketing fraternity in particular will be irritated by Buggie's statement that "you can decide to enter a market, and do it, in pretty short order . . . a manufacturer can develop a good strategy to penetrate any market, whether or not the company has ever been there.

"You can also get out, pretty quickly. The company can summarily abandon a market, new or old, bury the bodies, and walk away."

The shortcomings of most forms of strategic analysis, together with the short-term horizons of individual executives within the company, is why you need to use outsiders in the "strategic innovation process," says Buggie. His book goes into great detail about how to compose a project team of company insiders, how it should define the basic criteria for the new product, how the outside experts should be selected, and how the ensuing innovation process should be conducted.

Even if you prefer your own version of this process, Buggie's book provides a stimulating reminder of some frequently forgotten rules. Many of his aphorisms will madden the modern marketing man, but they make you think again about some of those easy assumptions which you have built into your thinking over the years.

* *New Product Development Strategies. By Frederick D. Buggie. Published in UK by Hutchinson, 17 Conway Street, London W1. Price £12.75; in U.S. by Amacom, New York.*

Christopher Lorenz

ADVERTISING

Auctioneers bid for a wider audience

THE stage is set for a classic advertising battle which could make the competition between Persil and Ariel, and Nestlé and Maxwell House look like junior rounders. Sotheby's and Christies are resorting to advertising to help them as they fight for what is proving a shrinking supply of goods for auction.

In the past both companies kept advertising, and agencies, at arms' length. They tended to have an agency on the books but felt that their business was so intricate, the copy so complex, that it was easier to do most of the work in-house. To a great extent they still think that.

Most of the important works of art that they auction come from families they have been dealing with for generations or from collectors whose hoards they have valued and nursed for years. Advertising is unlikely to persuade the Dukes of Devonshire to dispense with the family tradition of selling through Christie's or the continental owner of a fine group of Impressionists to switch away from Sotheby's, acknowledged specialists in this area.

Premium

The advertising now appearing from both sides has very different aims, reflecting the crisis that has hit the auction houses in the last year. The origins of this go back to 1975 when both Sotheby's and Christie's upset their main customers, the dealers, by charging a buyer's premium of 10 per cent on the hammer price. This soured the atmosphere which has worsened considerably in the past year as the recession has hit the art world, causing a falling off in demand and a drop in price in middle range goods. This year Christie's has attempted to mend its fences by reducing its buyer's premium to 8 per cent, but Sotheby's, which had embarked on a heavy expansion programme before being hit by the recession, feels it cannot afford such a gesture.

The two companies are using advertising for very different reasons. Christie's is adopting the hard sell, pointing out, in effect, that it is cheapest. "Christie's. Now an even better bid," is the slogan in a quickly assembled £50,000 campaign which is aimed to claw back the lost £1m that cutting the buyer's premium is costing the company. The advertising is in the quality press and glossy magazines, like Country Life. The agency, Contract, is helping with the slogans, but the small print still tends to be done in-house.

Sotheby's has a quite different ambition. It is trying to re-establish its reputation, which has been buffeted by the row with the dealers, its need to slim down on staff, and its decision to close down its Belgravia saleroom. So it is going for full pages in colour in The Times, Sunday Times, and FT. Under the headline "Thinking of selling? And you haven't consulted Sotheby's?" the advertisements show a girl, face hidden from camera, admiring works of art in luxurious surroundings.

The aim of the short sharp campaign, costing £400,000, is to reach, in just six advertisements, two-thirds of that select group which Sotheby's sees as its customers, both buyers and sellers. The saleroom claims it has been working on the campaign, with Russell Associates, since the autumn and that it is aimed very much up-market. It certainly marks a significant change in direction, although Sotheby's will still be producing around 4,000 other advertisements this year, to appear in such journals as The Valuer, and promoting the various departments of the saleroom. In the past its advertising has been prepared in consultation with its various specialists — hence its bittiness.

All told Sotheby's will spend around £3m on advertising and promotions this year, over four times the Christie's level. But only £2m of this is in direct advertising. Both salerooms reckon that their best marketing tool is their monthly preview magazines, which go out on subscription but still cost hundreds of thousands of pounds a year to produce. The salerooms make their profits from items valued at over £1,000, even though the great majority of lots sell for less. Their regular customers, and especially the dealers, are the bed-rock and they are more influenced by preview magazines, and press coverage, than advertisements.

Sothey's and Christie's also have the example of Phillips before them. Three years ago this enterprising number three in the auction business experimented with a television campaign. It was very successful in attracting goods to the saleroom but unfortunately most of the items brought in were virtually worthless. Phillips found its specialists tied up examining attic rubbish and has no intention of repeating the exercise in the immediate future. However, this week it followed Sotheby's in appointing a marketing manager—Robert Saunders, formerly of Leyland Trucks.

Complaints

The irony of the current competition between Sotheby's and Christie's is not that Sotheby's, which has traditionally been regarded as run by businessmen, is going for soft-sell, corporate image advertising, while the gentlemen at Christie's are drawing attention to its price advantage. The real irony is that most of the troubles of the salerooms have come about from a belief in the trade that the two companies colluded in bringing in the buyer's premium in 1975.

So it is very much in Sotheby's and Christie's interest to be seen in intense competition while the Office of Fair Trading is conducting an investigation into complaints of their illegal co-operation. But, given the state of the market, and the fact that Sotheby's at least is losing money on its UK operations, the current rivalry is much more than window dressing and the advertising is for real.

Antony Thorncroft

THE ARTS

Theatre Royal, Bristol

Henry V

by B. A. YOUNG

The Bristol Old Vic gives a good old-fashioned *Henry V* with some novelties in the decor to provide the visual excitement that half a century ago would have come from crowded battles and resplendent courts. *A light metal bridge, capable of* moving up and down stage, bestrides the scene to provide a variable balcony so that action can be divided on two levels. Sometimes it is a balcony and nothing else, decorated with appropriate hangings. Sometimes it is more imaginatively used, as the walls of Harfleur for instance, even for the battle-field of Agincourt, where the fighting is choreographically represented—the French on top at first, while the English batter their way below them to rhythmic clashes of sound, then the victorious English on both levels, masters of the field.

I mean "old-fashioned" to be a compliment, for the lines are spoken with fine conventional panache, in appropriate cases from downstage to the audience rather than to the company. Clive Wood makes an attractive blond young King, the kind of character we are supposed to deduce from the initial phrases voiced by the Archbishop and the Bishop of Ely (though they both look doubtful if their praise will prove true, as well they might).

The clergy give us a lot of by-play during the tedious speeches about the Salic Law, and duly keep us interested. A novelty is the way in which Bristol Boy has been built up. Henry addresses part of his Crispin's Day speech to him, having spotted him among the knights when he should have been guarding the baggage; and it is he who captures Monsieur le Fer before Pistol comes and claims him with his Falstaff-learnt cunning. This emphasises the pathos of the scene where he is carried in dead after the French attack on the boys and the baggage. Kerry Shale plays him likeably.

Stanley Lebor is Pistol—again, a good old-fashioned Pistol. As his wife, see Quickly, June Barrie recounts Falstaff's death movingly. There is an uncommonly nice Fluellen by Davyd Harries, whose name suggests a native sympathy with the character. He wears fine gold spectacles to study the disciplines of the war, but they are hard to see from as far back as row M.

At the French court, splendidly decorated with a blue embroidered hanging whose colours are repeated in the Dauphin's tent, there is a radiantly pretty young Katherine, Lez Brodie, who wears a hat like a mad beehive and responds teasingly to the King's clumsy wooing. And in neutral territory there is James Cairncross, who seemed to me a little too unmoved in his narrative speeches for the Chorus, though he was very dignified in his other incarnation as the Herald.

The director is John David, and the delightful sets are the work of John McMurray. The production is sponsored by NatWest.

Elizabeth Hall

The Manchester School

by ANDREW CLEMENTS

Harrison Birtwistle's ... *agm* ... was brought to the Proms in 1979 by the Paris-based Ensemble Intercontemporain for whom it was written. It is such a thorny proposition to perform that it waited until Tuesday evening for a British group to take it up—the London Sinfonietta inevitably, which, conducted by Elgar Howarth, chose it to end its three concerts devoted to the Manchester School. The selection of works for the series has inevitably been contentious; everyone has their favourite Goehr, Maxwell Davies and Birtwistle, and the exigencies of rehearsal time and programme building impose quite serious constraints. But ... *agm* ... dwarfed not only its companion pieces in this concert but almost in the series as a whole; it is one of its composer's finest works, alarmingly powerful and richly detailed.

And also one of his most urgent scores: those who associate Birtwistle with models of organic accretion, with a pace of musical development that shares a Brucknerian remorselessness, will have found ... *agm* ... much faster moving than they might have expected. It erupts at times into some bewildering tuttis, unleashing an unstoppable momentum; the three instrumental groups which surround the 16 vocalists both punctuate and comment upon the fragments which the singers deliver.

It is the coherence of these fragments—the "Crocodopolis Cries" of the Greek poet Sappho—which ... *agm* ... is all about. Continuity and coherence are recurring motifs in Birtwistle, and it's tempting to write that this work is his final, conclusive *exploration of the problems of* relating independent elements, be they verbal or musical. Yet in making this map of relationships Birtwistle creates some extraordinary textures; understanding of the musical processes follows on repeated hearings, but at a first encounter it makes a formidable edifice as pure sound.

The first half of the Sinfonietta's programme paired Goehr's *Lyric Pieces*, written for the ensemble in 1974 with Davies's *Westerlings*. I confess to finding *Westerlings* one of his least satisfying works of the 1970s, for all that the textures for the unaccompanied chorus sometimes throw off an attractive luminosity. Somehow the plan of songs (settings of a text by George Mackay Brown) interspersed with wordless "seascapes" is too pat; the tension between the material and the way in which it is used is insufficiently compelling.

Goehr's set of six pieces written for the Varèsian combination of seven wind and double bass presents a wholly different set of problems. They at first give the impression of being *miniatures, but last 20 minutes;* they seem to follow a highly schematised formal plan, but nag away at the edges of their closed forms. They represent the essential Goehr, preoccupied with the difficulties of reconciling received (traditional) usage with a contemporary musical language and finding expressive nourishment in the frictions set up. Performances—need one say?—by the Sinfonietta and the Sinfonietta Voices — were accurate and wholly committed.

Wigmore Hall

Bolet

by DOMINIC GILL

A public chat-recital is as intriguing, and as peculiarly unsatisfying, as a public concert-rehearsal: neither element of the combined event is fully enough developed to get all of its message across. I could gladly have sat all night on Tuesday listening to Jorge Bolet reminisce, with the aid of recorded illustrations, about the great pianists of the past—Godowsky, Saperton, Hofmann, Rosenthal, Rakhmaninov Lhevinne—whom he has heard, met, or been taught by. I should still more gladly have spent the entire evening *listening to him* play the piano. But mixed thus together, to a 10 o'clock deadline, there was tantalisingly somehow never quite enough of either.

Like many great artists, Bolet warms slowly. Fingers were cold in three Mendelssohn *Songs without words* and the *Andante and Rondo Capriccioso*—although No 1 of the *Songs*, sweet remembrance in E major, was played as perfectly as one could ever wish, a marvellous essay in simple, radiant rubato, shaded with the slightest expressive dyssynchronisation of hands. By mid-Mephisto Waltz No 1 he was approaching his full stride; and by the final pages he had found it. Then reminiscence intervened.

Bolet is as naturally a charmer with words as he is with his music. The stories—*including a splendid and* characteristically zany Rosenthal tale—(seemed only just to have begun before he was back again at the keyboard with an electrifying account of Godowsky's Weber paraphrase of *Invitation to the Dance*. This was really the beginning of the recital we had waited for; but ten o'clock pressed. Time only to cap the evening, briefly, with one magical encore, a shimmering Godowsky waltz. Bolet fans may nonetheless take heart: there is a full-blown South Bank recital on May 24.

Rowena Roberts and Paul Eddington

Lyric, Hammersmith

Noises Off

by MICHAEL COVENEY

Michael Frayn's new comedy opens with Patricia Routledge as the maid answering the phone in the voice of Patricia Hayes. She is interrupted from the stalls by the director proffering notes about the plate of sardines. This is a technical-cum-dress rehearsal of a broken-backed West End comedy, "Nothing On," about to open on tour in Weston-super-Mare.

Frayn has certainly set himself an awesome task with a backstage play that is rather like a cross between Feydeau *quinade* and Pirandello. As each member of the cast and technical crew stumbles into view on Michael Annals's handsome design, the show manages a breathtaking juggling act of professional paranoia and private, back-biting angst. The house is invaded by two illicit couples: an estate agent with a sexy girl whom he passes off as a prospective client; and the married owners, slinking home from tax exile in Spain.

Other stalwarts of this heady confection include Michael Aldridge as a doddery old burglar ("I thought I heard my voice," as he misses yet another cue, suggests the anecdotal legend of Wilfrid Lawson), Yvonne Antrobus as a depressingly keen assistant stage-manager and, best of all, Roger Lloyd Pack as the company manager who has not slept for 48 hours and divides his hallucinatory existence between repairing a multitude of practical doors and understudying recklessly for whoever has lately committed the cardinal sin of being "off."

Michael Blakemore's brilliant production really hits its stride in the second act. The company is now in Goole playing to a sparse audience of OAPs who are initially mesmerised by a disastrously hilarious series of front of house calls. We ourselves are now backstage of the Annals design, and the ascendancy of the sardines as a joke property is now challenged by the director's gifts of flowers and whisky and an axe, all of which change hands more rapidly than the batons in an Olympic sprint final. This extraordinary fracas, played almost entirely in precise mime, is the play proper. A backstage cry of "I'm pregnant" revives the unseen knot of pensioners at the front of the back stalls and brings in the curtain.

The problems start now, for the third act dribbles away in a miasma of defeated stage performance and experimental rewrites in Stockton-on-Tees. Paul Eddington's harassed director assumes centre stage while the frenzy of the previous two acts hardens to a not very interesting jelly. The second act is pure magic. Substantial cuts and a few better ideas for ending the play might ensure a deserved West End transfer.

Record Review

Inspired oddities

by DAVID MURRAY

Bohuslav Martinu: The Greek Passion. Soloists of the Welsh National Opera/Mackerras, Brno State Philharmonic and Czech Philharmonic Chorus. Supraphon 1116 3611/2 (two records).

Stockhausen: Der Jahreslauf (from Licht). 14 musicians and tape, sound projection by the composer. DG 2531 358.

Zemlinsky: Lyric Symphony. Dietrich Fischer-Dieskau, Julia Varady/Lorin Maazel and Berlin Philharmonic. DG 2532 021.

David del Tredici: Final Alice. Barbara Hendricks/Solti and Chicago Symphony. Decca SXDL 7516.

Janacek: Tagebuch eines Verschollenen. Peter Schreier, Gertrud Lahusen-Oertel and women's voices/Marian Lapsansky. Eurodisc 200 045-366.

Schnittke: Violin Concerto No. 3 Stravinsky: "Pastorale": Suite from L'Histoire du Soldat. Stockhausen: 6 melodies from Tierkreis. Gidon Kremer, variously with Karl Leister and Aloys Kontarsky and with Woldemar Nelsson/Berlin Philharmonic Chamber Ensemble. Eurodisc 201 234-405.

Saint-Saëns: Introduction and Rondo Capriccioso. Ravel: "Tzigane." Chausson: Poème. Sarasate: Zigeunerweisen. Maurice Hasson/Lubbock and Orchestra of St John's Smith Square. ASV. ACM 2037.

Rakhmaninov: Sonata for Cello and Piano op. 19. 2 Pieces, op. 2. Debussy: Sonata for Cello and Piano. Julian Lloyd Webber/Yitkin Seow. ASV, ALH 911.

Among a fairly odd batch of records the Czech-Welsh collaboration on Supraphon, Martinu's *Greek Passion*, is naturally odd, and oddly successful in its special terms. It is a notably international project. In the last years of his life Martinu (1890-1959) was greatly excited by the Kazantzakis novel *Zorba the Greek*; once persuaded that it couldn't make an opera, he turned instead to *Christ Recrucified*, and himself made a libretto from the English translation (using the title of the American edition). When the Welsh National Opera gave *the opera its* belated British première under Sir Charles Mackerras, Supraphon seized the opportunity to record it in Czechoslovakia with him and his soloists joining a Czech orchestra and chorus (who *sing creditable English*). *But* the inspiration remains doubly Greek: not only the Kazantzakis story (enormously reduced and simplified), but the Greek church and folk music on which the composer chose *to draw*.

Anyone who knows the novel —or Jules Dassin's French film version *Celui qui doit mourir* —might expect it to make a full-blooded, rather Verdian opera. In fact *The Greek Passion is barely an opera at all.* Martinu had no interest in the mainstream genre; all his other stage works stand at one or several removes from "standard" opera. *The Greek Passion* contains much spoken dialogue, many piously *fervent* choruses and one or two "scenas," but nothing like an aria. Otherwise the score hardly aspires to more than scene-music (very canny, simple scene-music). The crises of the principal characters are mostly over in seconds; the music expands only for communal implorings, sacred invocations and other visionary or enthusiastic outbursts. Martinu's ripe string-textures reach back to *Parsifal* by way of Smetana's *Dalibor* and Debussy's *St. Sebastien*, but what they support is a kind of miracle-play, plainly devised by a humble sophisticate.

Though the music isn't, then, important enough nor original enough to be its own reward, Mackerras has the likes of John Mitchinson, John Tomlinson and Geoffrey Moses to deliver it with all due fervour. The performance is well paced (I assume the dialogue has been trimmed a *little*), and the digital recording is clear and full. The piece is not negligible —not, that is, as a musical stage-piece of sincerely elevated intent; for gramophone listening it has to be taken like that.

Stockhausen's "opera" Licht (Light) will be much odder than Martinu's when it's finished— and vastly longer, and visionary to a fault. Its announced terms of reference are capacious in many senses: not only is there to be a full-evening chapter of it for every day of the week, but it seems likely to embrace much of Stockhausen's output for *any* medium from 1977 onward. *Der Jahreslauf* (The Course of the Years), which is to belong to the Tuesday chapter, was composed for the Imperial Gagaku Ensemble of the Japanese National Theatre. The DG version (superbly played and recorded, as always with Stockhausen) uses 14 Western musicians on piccolos, soprano saxophones, harmoniums (three!) and various struck or plucked instruments. The resultant warbling and clicking sounds like Gagaku *and* like Stockhausen, in his recent, deceptively simple manner. Very appealing, if gnomic: the insinuating music is suspended four times at a symbolic "temptation"—realistic sound-events—and proceeds upon an "incitement." The prescribed dance-action might explain all that, but I doubt it.

Alexander Zemlinsky's *Lyric Symphony* of 1922, recently revived, has made a great impression in concerts and broadcasts, and the golwing new performance on digital DG will deepen it. The febrile post-romantic tone of the work looks forward to Berg (who placed a citation from it in his own *Lyric Suite*) and back to Mahler: like *Das Lied von der Erde*, the symphony is dominated by two singers—texts not from the Chinese, this time, but from Tagore. In London we had Michael Gielen's warmly devoted exposition of the score; on record, Maazel's more urgent and forceful reading matches the searing conviction of his soloists, Fischer-Dieskau and Julia Hamari. Any suspicion of indulgent *longueurs* is scotched, and the extra note of civilised desperation rings true.

My last real curio is David del Tredici's *Final Alice*, which I hope is the final instalment of his elaborate cycle of *Alice in Wonderland* celebrations. This one comprises most of the trial scene, stiltedly read, shouted and sung by the soprano Barbara Hendricks, barely surmounting an overweening orchestra. As recorded, the Chicago strings here sound tooth-gratingly scrapey, and the basic joke amounts to no more than starting again and again, with pastiches of sub-Straussian innocence which develop into nightmare routs. To take a superficially similar piece, H. K. Gruber's *Frankenstein!!* offers wit and craftsmanship so superior as to forbid serious comparison. One prays that the forthcoming British performance of *Final Alice* will make a different impression.

Some briefer notes. On Eurodisc, Janacek's *Diary of One Who Disappeared* is sung in German by Peter Schreier, with much elegant poise but no illusion whatever of spontaneity. Many a rougher performance has been more moving, and truer to Janacek's style of direct address. The pianist is idiomatic, but too respectful of the singer; the supporting ladies are good. Gidon Kremer's violin programme runs from Schnittke's 3rd Violin Concerto, clumsy of effect — the music, not the playing — but evoking individual, troubled visions, to the timeless, eerily simple solo melodies from Stockhausen's *Tierkreis*. The *Soldier's Tale* Suite Stravinsky arranged for violin, clarinet and piano is attacked with marvellous verve.

Maurice Hasson's playing for ASV is of a more detached cast, as befits his polished French programme, but the solo playing is immensely stylish and vivid (if not such as to shake one's loyalty to Ginette Neveu's accounts of the Chausson and Ravel). The St John's orchestra accompanies with adequate sympathy; the woodwinds have trouble with *Tzigane*. Lastly, the Lloyd Webber/Seow accounts of the Rakhmaninov and Debussy Cello Sonatas are to be appreciated chiefly for lashings of personal sensitivity. To my ear, Seow's light-fingered, skittish way with the piano parts —especially in Rakhmaninov— reduces the expressive breadth of many passages to something breathless and narrow.

Educating Rita

Mark Kingston has returned to the role of Frank in Willy Russell's Educating Rita. He is joined by a new Rita, Julia Deakin, who has reached the West End after just three years as a professional actress. When Kingston first appeared in this two hander at the RSC's small Warehouse in 1980 few of those involved could have anticipated its subsequent success.

The comedy of an alcoholic deadbeat of an English don transforming an uneducated hairdresser on an Open University course into such an academic machine that, within a few months, she is capable of drawing his attention to hidden meanings in a Blake poem has touched a popular nerve. Most of the jokes, such as linking E. M. Forster with a popular Australian beer, are signalled well in advance and one could have hoped for a deeper investigation of a fascinating argument —is it better to be a noble savage or an arrogant elitist?

But Kingston and Deakin perform well in the safe middle ground and there is some pathos at the end as the academic realises that he has let loose the monster of self-awareness and lost his hold over it.

ANTONY THORNCROFT

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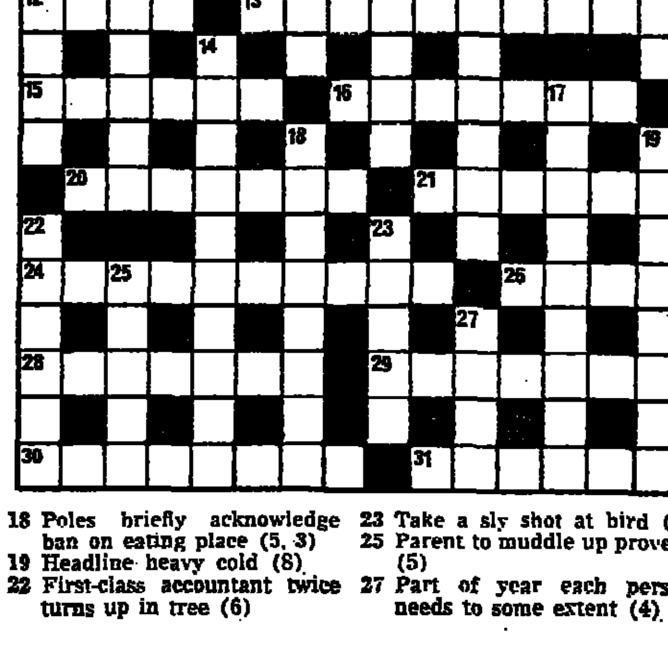


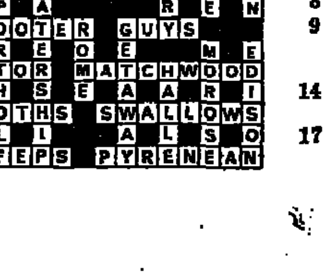
ACROSS

1 Results in the opening in the east and south (4, 2)
4 Wind finished pass off (4, 4)
10 Race Sid to cocktail (7)
11 Conservative screening for work of scold (7)
12 Going first-class by rail is flippant (4)
13 For the best fair also (4, 2, 4)
15 Result of eavesdropping in the frozen north (6)
16 Went looking for fodder with daughter (7)
20 Left out of agreeable rustic (7)
21 Prince born during air-raid warning (6)
24 Happen supporter could be runner-up (4, 6)
26 Nasty encounter might produce eye complaint (4)
28 Popinjay given apple plus set of teeth (7)
29 Play for each class (7)
30 Man's role organising hospital workers (8)
31 Vehicle ever ready to race (6)

DOWN

1 City still "over the moon" (8)
2 Drink that has matured longer? (5, 4)
3 Beat a mattress cover (4)
5 Break into coal site (8)
6 Holiday fixed in Kent (10)
7 Singer makes fault about nothing (5)
8 Boy takes beer to feast (6)
9 Masterstroke getting outside right to make a complaint (5)
14 Stuffy old Bob in depression gives up business (6, 4)
17 Chosen few went on bus with conductor (9)
18 Poles briefly acknowledge ban on eating place (5, 3)
19 Headline heavy cold (8)
22 First-class accountant twice turns up in tree (6)
23 Take a sly shot at bird (5)
25 Parent to muddle up proverb (5)
27 Part of year each person needs to some extent (4)

Solution to Puzzle No. 4,806



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Thursday February 25 1982

The case for caution

THE Prime Minister's robust words on Tuesday must effectively have dampened any hope—or fear—of a drastic change of course in the Budget on March 9. The Government's basic philosophy has been reinforced in favour of caution by the oil market glut, which seems certain to reduce tax revenue below previous forecasts, and may also tend to weaken sterling in the foreign exchanges. The desperately slow recovery which appears to have set in during 1981 will receive little reinforcement.

We accept the case for a cautious approach, but not without some quite strong reservations. There are good and bad reasons for proceeding gently, even in an economy with record unemployment and a record current account surplus, just as there are good and bad ways to deploy whatever marginal sum the Chancellor decides he can risk in the cause of revival.

Buoyancy

The sound reason for caution is that the Government's strategy, designed to alter private sector behaviour, stands or falls by its consistency, and is producing some positive and potentially fruitful results. The new realism in the labour market, the encouraging trend of unit costs and productivity, and—perhaps most significant—the quite unexpected buoyancy of exports are all signs that the private sector is learning to make its own future in world markets, rather than living from Budget to Budget.

This has involved a drastic and painful structural change marked by the decline of some older industries, and by the rapid elimination of large-scale over-manning. This means that neither the level of unemployment nor the level of production compared with past trends is a useful indicator of the short-term spare capacity in the economy. That there is some spare capacity cannot be doubted, but it would be folly to test it too severely. Some cyclical recovery is likely in any case, especially if the downward trend of interest rates can be sustained; structural revival takes much longer.

The bad reason for caution is a slavish adherence to particular money targets for the public sector borrowing requirement or any one definition of the money supply, for these numbers are heavily distorted by financial transactions and by the vagaries of the business cycle. On the monetary side the Government seems to have accepted defeat rather too philosophically; it is accepted that sterling M3 is irredeemably distorted, but nothing has been put in its place.

Unclear

It is to be hoped that Sir Geoffrey will reduce this vagueness when he comes to restate the medium term strategy. On the monetary side, policy has recently been quite effective in stabilising the effective exchange rate, and has over the whole period of the Government stabilised the trend growth of money incomes. If he can stabilise expectations about incomes and the external value of sterling, the Government's aims will be greatly helped.

On the fiscal side things are not as clear as they look. It is quite unclear whether or not the Government gives due weight to the state of the cycle in setting its targets. Pure money targets lead to the absurd conclusion—with which Sir Geoffrey has seemed at times to flirt—that fiscal stimulation is only in order when the economy is recovering spontaneously, and that the coming Budget may be tighter than he had hoped because the recovery has been disappointing. This is the case for some cautious stimulus; policy in total has been somewhat tighter than intended.

Vague

The Government seems to have decided at the moment that the best stimulus is to get interest rates down. This is a tempting road, but could be a risky one. Fiscal tightness does help to reduce interest rates when balanced against any clear monetary constraint; but when the constraint is as vague as at present, and interest rates are simply managed, the experiment could soon fall victim to events in New York or elsewhere, as we have already seen.

A combination of fiscal Puritanism and monetary risk-taking could be just as uncomfortable, and more accident-prone, than the opposite contradiction in policy. The figures for a deficit falling at the trough of a recession, and explosive private bank lending strongly suggest that fiscal rather than monetary policy should be adjusted if any accommodation is wanted.

Common sense about robots

IT HAS recently been reputed that British manufacturers have now installed over 700 robots, ten times the 1978 figure.

The news which should give nobody any cause for comfort is that there are at least 7,000 comparable devices installed in Japan, and—if the count includes intelligent manipulators and the like—the total Japanese robot population probably exceeds 57,000. This is close to saturation point for the Japanese market, some observers say: watch out for a tidal wave of cheap Japanese robots heading westward carrying all before it.

Epidemic

THE danger is that this revelation may generate a new epidemic of breast-beating in the UK coupled with redoubled calls for enhanced robotics development programmes to bolster up the UK's sagging sense of technological virility. It is all a little reminiscent of the great microelectronics debate of not so many years ago and indeed the great computer debate of only a few years before it.

The virility argument runs like this: capability in certain technologies—computing, microelectronics, robotics—is so vital to the nation's social and industrial well being that a significant presence must be maintained virtually regardless of the market and the rate at which it is changing.

Back in 1968, that led to the formation of ICL and to a general view which held sway for over 10 years in Parliament and Whitehall that ICL was the UK computer industry. Meanwhile, bright little companies like Systime struggled for funds to build computers which made the best use of foreign computer circuitry to add value to the final product. At one stage, the value of U.S.-made hardware and software in a Systime computer amounted to only about 5 per cent of the total purchase price.

Understanding of the nature of technological change improved over that decade. By the time the full implications of the microchip were sweeping across the world, the UK was attuned to the idea of debating whether it should attempt to compete in the microchip manufacturing game or simply make the best use of U.S. and Japanese products.

Debate was what it was, unfortunately, and while the Department of Industry—and Sir Keith Joseph in particular—mulled over the prospects for Inmos, the NEB-supported UK manufacturer, its chances in world markets were slipping away. Its products are good but its future must be uncertain in a market where even the Americans have their work cut out to stay the pace with the Japanese. Meanwhile, after the initial shock, UK designers have begun to create a string of marketable products based on U.S. and Japanese chips.

Gamble

One of the earliest was a door "bell" which plays 24 different tunes. Now the list includes Mr Clive Sinclair's ZX81 microcomputer for the masses. This machine is especially interesting, because it uses, in addition to the principal microprocessor chip, some UK designed and built chips which make the whole thing possible. They were born out of Ferranti's belief in a particular technological niche and its gamble could be paying off.

Surely the same logic applies to robots. The UK has some perfectly adequate robot makers and perfectly adequate research on advanced robotic systems—sight, touch and feel. But using robots is more important than making them.

The Japanese excel at manufacturing partly because of their advanced automation techniques. If the opportunity to buy that automation presents itself, should it not be embraced and used to manufacture more of what the UK does pride itself on—bright ideas for new products?

The Japanese are trying to prove they can be innovators as well as manufacturers; they may be giving the UK the chance to reassert its image as manufacturer as well as innovator.

ZIMBABWE TWO YEARS ON

Mr Mugabe's biggest gamble

By J. D. F. Jones, recently in Salisbury

LORD CARRINGTON, with remarkable timing, arrives in Salisbury this morning to examine the progress of his "baby," Zimbabwe, at precisely the moment when it is going through the most difficult crisis of its infancy.

Yet, however alarming the headlines of the past week may sound, it is unlikely that the Foreign Secretary's diagnosis will be uncharitable or grim.

On the face of it, Mr Robert Mugabe, the Prime Minister, has just taken a colossal risk — the dismissal from his Cabinet of the Grand Old Man of Zimbabwean Nationalism, Mr Joshua Nkomo, which implies the departure of Mr Nkomo's party, Zapu, from the ruling coalition and in effect the exclusion of the Ndebele people, one-fifth of the population, from power. In the heat of the moment, a week ago, there was reason to wonder whether Mr Mugabe would get away with it.

Hugh Routledge

Mr Mugabe and Mr Nkomo (left) together before independence. In removing Mr Nkomo, Mr Mugabe has taken a "colossal risk"

The Ndebele (whom journalists like to describe as "traditionally warlike," complete with reference to their Zulu forebears) make up the great majority of Mr Nkomo's support, and there was no doubt that Bulawayo and Matabeleland were going to be outraged. The Zimbabwe army has only recently been put together out of rival guerrilla armies of Zipra (ie Zapu) and Zanla (ie the forces of Mr Mugabe's Zanu-PF). Even the British officers and NCOs who have been training the 60,000 men admit that the mortar is still damp. It is only 12 months since serious faction fighting in Bulawayo and in Army barracks in the Midlands cost 300 lives.

The reality is that—so far—Zimbabwe is utterly quiet. There have been a few well-behaved demonstrations, and there are plenty of police and military in Bulawayo where Dr Nkomo—gigantic as ever but a shade pathetic in his defeat—has retreated. Some of his party Cabinet colleagues (not all) have either resigned or been dismissed. The Zapu central committee is expected to meet in Gwelo on Saturday to decide what to do.

Incidentally, and not withstanding the Prime Minister's public allegations, there is no public and conclusive evidence to suggest that the South Africans—whom most Zimbabweans believe are intent on "destabilising" them — played any role in this latest crisis.

The arms that were found on Zapu land came from the original Zipra stocks and it remains to be seen whether the Government will be able to prove that there was a "plot" by Mr Nkomo and his associates. So no one yet has any idea whether Mr Nkomo will be brought to trial.

Lord Carrington will not be seeing Mr Nkomo, and no doubt he will be extremely careful not to appear to be interfering in Zimbabwe's private affairs. Britain has no more standing on the question of Mr Nkomo's reversal than it has, say, on whether a right-wing MP called Mr Wally Stuttaford has been tortured while in detention or whether he is going to be brought to trial.

The Foreign Secretary will be meeting a delegation of MPs, including several from the Republic Front (RF) (as the former Rhodesia Front now calls itself), so Mr Stuttaford will no doubt be mentioned. Lord Carrington will not be meeting Mr Ian Smith.

On the other hand, after all the courtesies of an official visit have been observed—including the presentation of a large piece of silverware as Britain's "independence gift" nearly two years late—Lord Carrington will be curious to see what sort of place Zimbabwe is turning into.

Lord Carrington will not be seeing Mr Nkomo

On the surface, there is much that will be familiar to him. Salisbury is still a manicured, sunny, rather suburban town. The Settlers' Flagpole still stands in an unchanged Cecil Square: the Salisbury Club still frowns on open-neck shirts: event the saturnine ex-minister Mr P. K. Van de Byl is still baying from the opposition benches in parliament. And, to the visitor, race relations are still extraordinarily relaxed considering the proximity of a recent and racial civil war.

Of course, beyond and behind that, it is another country. Most evidently, the whites, defeated, have retreated into themselves. Their numbers fall steadily as they "take the gap," usually to South Africa, and it is still probable that they will stabilise at about 150,000 from a peak of 240,000.

The most frequent complaint—and one that is probably justified—is the decline in efficiency of the public service. No one is, or should be, too surprised by this: it was necessary that the blacks should take over the bureaucracy as well as the Cabinet, but the machinery, particularly inter-ministerial liaison, is creaking badly. But the whites' rejection from government has left a strange sense of mystery about the proceses of power and policy. The days are over when the machinations of the Rhodesian Front and its white opponents were an open book. These things now happen inside the Zanu-PF Central Committee and, for the outsider, it is hard to decipher them.

For example, last week there was a major Cabinet reshuffle and it is possible to hear half-a-dozen interpretations of these changes in the course of a morning. (Kremlinology is child's play compared with reporting Shona politics.) Is Mr Mugabe bent on strengthening his Zezuru sub-tribe against the Karangas? (The answer is, probably not.) Does the return of the allegedly "anti-white" Dr Ushewokunze from dismissal last year to the important Home Affairs ministry signal a radical swing? (Probably not.) Has the Prime Minister effectively demoted two of his most senior colleagues, Senator Enos Nkala, the Finance Minister, and Dr Eddison Zvobgo, the Local Government Minister? (Probably yes.)

The point is that there exists a degree of uncertainty about the future, and this concerns not only the local whites (who still have a fundamental role to play as businessmen, farmers and technocrats) but also the outside world, the foreign investors, the donors. This uncertainty particularly affects two areas which Lord Carrington will want to discuss with Mr Mugabe: the attitude towards the private sector, and the prospect of a one-party state.

The third-most-interesting event of the past week—after the sacking of Mr Nkomo and the Cabinet reshuffle—was a meeting of about 70 businessmen with the Prime Minister on Friday evening. Mr Mugabe was at his most suave, charming and reassuring.

He is, he told his respectful audience, a Marxist-Leninist—and yet he went on to describe a vision of the "one-ness" of workers and management, of black and white, of private and public sectors. His Government, he said, intended to "socialise" society. But he offered that he recognised that this socialism would have to take into account the fact that Zimbabwe had an existing infrastructure associated with the private sector. There would be a "joint thrust" of the two sectors in the forthcoming three-year Transitional Development Plan, with 55 per cent of investment coming from public sector and 45 per cent from the private.

At the end the question, not so much unanswered as unclarified, is how long this joint approach is intended to operate, for how long beyond the three years? And, when the answer comes, is it going to be good enough to attract the foreign investor? (Direct private investment since independence is reported to be only Zim$27m (£36m).

A second area of obscurity is Mr Mugabe's vision of a one-party state. He has never concealed his personal conviction that the Western parliamentary system is unsuited to Africa. It is known that Mr Nkomo's curt rejection of Mr Mugabe's latest public appeal to Zapu to amalgamate with Zanu helped lead to the row between the two men on February 5 that led to the announcement of the arms caches on Zapu territory that led to Mr Nkomo's downfall and the present "crisis."

Lord Carrington will remember that "freedom of association" is entrenched in the Lancaster House constitution for ten years until 1990 (the 20 reserved white seats are entrenched until 1987). The prime minister has frequently said to white audiences and to interviewers that he will not "impose" his preferred one-party system on the country. But there has remained a lack of clarity.

They might be wise to keep their fingers crossed

Mr Ian Smith is still around, preaching gloom and telling anyone who will listen that he told them so. He probably still has the old charisma and a nostalgic appeal to the white voter but his retirement cannot be postponed for ever and a lot of whites are fed up with the RF's harking on about the past. What seems to be happening is that the Government is putting out feelers to the middle-of-the-road businessman and farmer in the white community so as to bring him into some sort of new relationship (which might even include a Cabinet seat or two).

The business community has been having mixed fortunes. The mining sector, for instance, is in trouble, and apprehensive of the future, while the farmers are generally cheerful although this year's harvest is going to be short of last year's record.

(Seeing that the first white settlers came to Rhodesia for gold and land, it is appropriate that the first black government has made its priorities the mining sector and the land question.)

This last is an area of specific and legitimate concern to Lord Carrington—and it is also the area of single greatest alarm in the new Zimbabwe's progress.

The British aid programme is focused on the Government's land resettlement policy, which acknowledges the peasants' hunger for land as the single biggest factor in national affairs. Progress so far has been alarmingly inadequate, for all the efforts of the past 18 months, and Lord Carrington will be briefed on the matter tomorrow.

The figures tell the story. A total of a mere 5,844 families has so far been "resettled." The latest draft of the Development Plan requires that in the next three years no fewer than 162,000 families join that total. Britain has been at the heart of the achievement so far, with 17 resettlement projects already set up and five more about to be announced.

It appears incontrovertible that the plan target is a nonsense. What is less clear is whether there might be an alternative policy. The political element—"the war was fought for the land" argument—has to be granted. But the Government acknowledges that it relies heavily on the (mainly white) commercial farming sector both for export earnings and also for employment. Therefore the commercial farms are not going to be sacrificed.

One approach might be to rethink the criteria by which the families are being resettled. (Each is supposed to move into sufficient land to provide Zim $400 net of subsistence.)

Another might be to develop more intensive communal or co-operative systems, though this would be unpopular. Yet another would be to question the very basis of the policy and concentrate on reviving the capacity of the communal African land, formerly known as the Tribal Trust lands. But the present policy is not good enough.

All this assumes that, after a week or a month of contemplation, the patience of the Zapu Ndebele does not snap. If it does—if Mr Mugabe got it wrong—Zimbabwe will find itself in a crisis which will negate the achievement of Lancaster House.

A leading Salisbury stockbroker rounded on this week for a Financial Times headline which apparently suggested turmoil in Zimbabwe. Stuff and nonsense, he declared, there's no hint of turmoil to be seen. Fair enough: perhaps we owe him and Mr Mugabe an apology. But they, and Lord Carrington, might be wise to keep their fingers crossed.

Men & Matters

Russians in the red

The rates bills which have caused so many domestic upheavals lately now look as if they might provoke an international row. Patience is wearing thin in the left-wing Labour controlled London borough of Camden over the continuing refusal of the Soviet Trade Mission to pay rates arrears of nearly £500,000 on its headquarters in Highgate.

No rates have been paid for about 12 years. The Russians have argued that the buildings they occupy are a diplomatic mission and the Foreign Office should foot the bill. The Foreign Office insists it is not liable — though, I am told, it has urged Camden council to treat the issue diplomatically.

But with Camden ratepayers now facing the highest average domestic rate in the country — about £577 a year — the council is to press Lord Carrington, the Foreign Secretary, to settle the issue and, one way or the other, the bill.

The Labour councillors have found an unexpected though welcome ally in former Tory minister Lord Boyd-Carpenter. He is to raise the question in the Lords next month and demand that "appropriate interest" should be added to the bill.

If the Russians are not diplomats — and many of the mission's previous members were once expelled by Lord Home as spies — it is "outrageous" that they should not pay for their presence, Boyd-Carpenter says.

"I believe it's so overcrowded they couldn't squeeze an independent committee of inquiry in!"

Gold bars

With the bullion market beset by depression over high U.S. interest rates, Soviet sales and offloading by dispirited Middle East hoarders, Gene Sherman might have chosen a better week to come to Europe to regale institutional investors with the advantages of gold purchases.

But Sherman, a chunky American economist who works in New York for the International Gold Corporation, the marketing arm of the South African Chamber of Mines, was yesterday putting a brave face on gold's slide this week to a 2½-year low.

The gold price, he says, is near the trough of the current cycle (which has taken it all the way down from $850 per ounce two years ago to just over $360 now). "There are a lot of people poised to buy. I don't find it depressing at all."

Sherman, who before he moved to extolling the virtues of the yellow metal worked for Merrill Lynch, Chase Manhattan and the New York Federal Reserve Bank, is trying to get pension funds and other big investors interested in gold.

His message is that gold offers protection against the "ravages of inflation" and is also—in spite of the ups and downs of the past two years — "less volatile than the New York stock market."

So far, American pension funds are "impressed" by his ideas. But very few apart from the Alaska State Pension Fund—which perhaps always does things differently—have taken the plunge to buy.

British fund managers are, for the most part, not the "forward looking, innovative" types Sherman is looking for.

Sherman believes that institutional investors might be attracted to the market if it were less secretive.

He admits, however, that during his stay in London (he is also visiting Frankfurt, Zurich and Geneva) he would not be paying a call to press this particular point on the Bank of England—which helps maintain a news blackout on the amount of gold South Africa regularly sends to the London market.

Trust funds

Michael Heseltine's oratorical flourishes do have some practical results after all, it seems.

Some weeks ago the Environment Secretary exhorted the British Property Federation to do more to encourage better-quality building design. Christopher Benson, BPF's president and managing director of developers MEPC, was promptly moved to suggest another joint venture with the Duke of Westminster's Grosvenor Estate, partner in many a major development project.

The outcome is that the two organisations are to provide around 60,000 to sponsor the Civic Trust's awards over the next two years.

Both Grosvenor and MEPC have won Civic Trust awards in the past. But this is the first time since Lord Duncan-Sandys founded the trust in 1957 that two such property giants have underwritten its work in this way — an unexpectedly piquant touch to its silver jubilee celebrations.

Up the Greek

Margaret Thatcher's comparison of her Government with Ulysses who "resisted the siren voices and came safely home to harbour" did not stimulate quite the response she had expected yesterday.

Labour Treasury spokesman Robin Cook put down an early day motion in the Commons recalling that "on the way, Ulysses suffered a shipwreck in which he lost his ship with all hands . . . that on reaching Ithaca he was unable to use the harbour because his palace was occupied by the hostile suitors of Penelope and that he was reduced to the loyalty of one herdsman and a dog."

Cook wonder 'whether the Prime Minister's novel version of Homer anticipates the forthcoming wreck of British industry under Conservative steering; or merely reflects the depressing decline in education standards following the cuts in public expenditure."

For the birds

Cockney wit lives on the No 52 bus. Punk rocker, sporting a multi-coloured Mohican haircut, swaggered to the upper deck and announced his destination to the conductor. "That will be 20p for you," the conductor responded, "and 10p for the parrot."

Observer

ECONOMIC VIEWPOINT

A new look at productivity

By Samuel Brittan

RARELY CAN the different indicators of economic performance have given such widely divergent readings. Judging by the most comprehensive measure of output, the real Gross Domestic Product, there has been a major recession, but one well short of catastrophic proportions . . .

Now look at manufacturing. Here the word slump, or even depression, seems more appropriate than recession. Production in the third quarter of 1981 was 14 per cent below the average 1979 level; but this was itself depressed compared with earlier boom years. The total fall from 1973-74 was about 18 per cent.

Against this background the argument between the Confederation of British Industry and the Government as to whether recovery has started seems trivial. It is as if someone has fallen off Mount Everest and there is an argument about whether he has climbed back again to the height of Box Hill or is still at the level of the River Mole.

But if we turn our attention to a third indicator, production per hour in manufacturing, a different picture again is revealed. Here, there seems almost an economic miracle. Productivity on this measure is easily at a record and has risen 7 per cent in the past year. On the figures, one cannot rule out the possibility that it is a temporary recession spurt. But the balance of probabilities suggested very strongly by direct evidence from industry, is that there has been a more lasting upward shift.

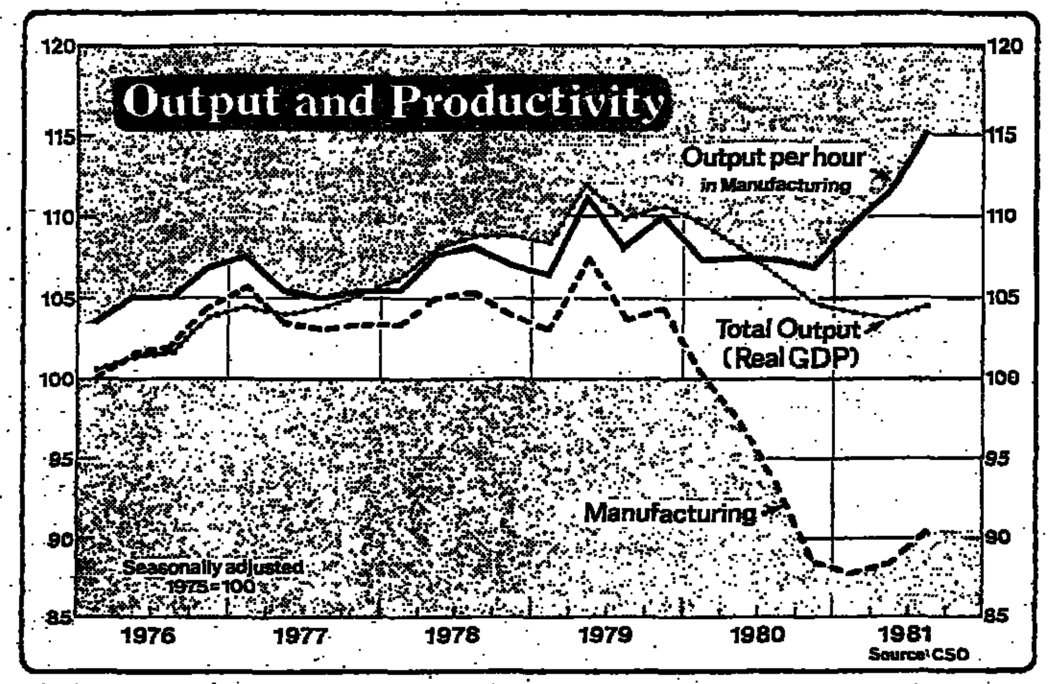
Productivity gain is probably lasting

Is this unreservedly a desirable development? It is very easy to make people's flesh creep by means of a conventional forecast. The St James's Group forecast (published by the Economist Intelligence Unit), which is one of several using the Treasury model, has as its main prediction, annual GDP growth rates ranging between just under 1½ per cent and just under 2½ per cent between now and 1985, with adult unemployment levelling off at about 3m.

The Group then produces an alternative scenario with higher productivity growth.

The result by 1985 is a reduction in the inflation rate to just over 5 per cent compared with nearly 9 per cent in the central forecast. On the other hand, unemployment is ½m higher. Although total output is boosted—by over 2 per cent compared with the central forecast—most of the potential output gain is dissipated in involuntary idleness.

The St James's forecast reminds me of an incident during my brief period as a temporary civil servant in the 1960s when the Labour Government was committed to boosting the national growth rate to 4 per cent, but the Treasury was deeply sceptical. A senior official reported on a forecast that had shown faster growth as damaging to the balance of payments, the policy bugbear of the period. This was so, even if all the extra growth came from higher productivity without any budgetary or monetary stimulus at all. Despite the computerisation and increased sophistication of the Treasury model, it still seems to have engraven in its heart: "Improvement means disaster."



My first inclination is to forget forecasts and concentrate on the Government's overall strategy. The role of the Medium Term Financial Strategy (MTFS) in providing some assurance that confetti money will not be provided to finance excessive wage and price increases has been much discussed. It is less often realised that it could also provide some assurance against the opposite danger of an increase in the country's productive capacity running to waste through lack of demand.

If productivity estimates are revised upwards, the Government can stick to the Money GDP target already implicit in the MTFS, hoping to obtain more real growth and less inflation. Alternatively, it can allow a faster rise in Money GDP, thus obtaining more output with the same rate of inflation that it originally expected. A good compromise, embodying a convenient round number, would be to settle for the present 10 per cent current growth rate of Money GDP as a trend objective for the mid-1980s, in place of the original hope of going down to 8 per cent by 1983-84. But the essential need is to clarify the message that monetary demand will be kept on a gradually rising course.

* * *

Financial strategy provides only a framework. Beyond that, we need to take a fresh look at exactly the kind of productivity we want to encourage. It remains true that anyone who can make two blades of grass grow where one grew before is worth more than the whole tribe of politicians put together. The author of this saying should, however, be looking at the total number of blades grown in the country rather than the number per each agricultural labourer.

When there is a large labour surplus, the familiar shorthand becomes misleading. It would not have made sense to have used the most mechanised labour saving equipment to build the Great Wall of China when labour was cheap and plentiful. Far better to spread the available invested funds on picks and shovels and working capital to make use of more people.

Since anything that can be misunderstood will be misunderstood, let me state as clearly as possible the qualification to the principle of productivity.

Where one man can produce twice as much by better work planning, abandoning demarcation lines, shedding restrictive practices, and so on, this is highly beneficial. Likewise it is—as all the political sermons tell us—desirable to reduce overmanning where two men do work which can be done as well by one. Recent moves in this direction are welcome and overdue.

It is, however, often undesirable to waste investment in highly capital intensive processes and products when there is still a large surplus of unused labour. This happens because labour is often overpriced and capital underpriced — despite "high" interest rates many forms of capital installation are heavily subsidised. Investment therefore takes on a prematurely labour-saving bias; and workers who could be really given useful jobs without much extra investment remain unemployed.

One advantage of a market mechanism that is working well is that no national planner has to calculate the answer to these conundrums beforehand. Where there is a large labour surplus, investment automatically takes on a capital widening form—that is investment designed to increase output rather than to save labour. As workers become scarcer real wages are bid upwards. From then on, the incentive to labour-saving methods increases and and economic growth takes the form of higher output per man.

But a spoke has been put in this mechanism. The cost of employing labour has been raised too far and too fast. There has therefore been an incentive to over-mechanise and over-automate: and a pool of unused labour reminiscent of under-developed countries is beginning to emerge.

Not all the influences raising the cost of labour relative to capital come from the union side. Julian Brazier, a City economist, has coined the expression "employers' poverty trap" for the gross costs to an employer of matching what a potential worker might receive on social security. In one example a firm has to pay nearly £82 a week to provide a net wage of £50 after taking into account income tax, insurance contributions and employee travel.

It is important not to exaggerate. Some wedge between gross and net pay is inevitable if a country is to have any public services whatever. The trouble is that the wedge has increased for low-paid employees because of the fall in tax starting point, and the increases in employer and employee insurance contributions which now become payable at a wage of £29.50 per week.

At the very same time that labour has been heavily taxed, capital has been quite ridiculously subsidised. Since 1971 there have been 100 per cent first year capital allowances against tax on most equipment. The regional grants introduced since 1972 are related to capital investment, unlike the previous Regional Employment Premium which was tied to the number of workers employed. This is not to speak of the less tangible deterrents to hiring workers, ranging from the employment protection legislation to redundancy compensation. Some of these measures are desirable in themselves, others not; but they all help those already at work at the expense of those without a job.

Apart from the overall arithmetic, the forthcoming Budget should be judged almost exclusively by its effects in repairing employment incentives. There is no space for a rundown of all possible measures from this point of view. A reduction in investment aids would help to pay for a cut in taxes on labour, thus tilting the balance the right way.

Capital has been quite ridiculously subsidised

As an immediate stop-gap, schemes of the Layard type (outlined on this page yesterday) to offset the overpricing of labour by targeted recruitment subsidies and fall-back public sponsored employment are essential, and much more effective than across-the-board infrastructure investment for which it is more fashionable to clamour. But there will be no lasting progress towards reducing unemployment and using other resources more rationally until the overpricing of labour and underpricing of capital are reduced.

Lombard

Selling arms is not a policy

By Patrick Cockburn

FROM THE moment the Reagan Administration came to power it left nobody in any doubt that its policy on arms sales abroad would be different from President Carter's. Any qualms about the arms traffic were put to one side. The sale of military hardware was to be a vital instrument of foreign policy. The modest limits placed on the sale of weapons by Mr Carter were denounced by Reagan supporters as an attempt to substitute "theology for a healthy sense of self-preservation."

The Administration swiftly translated word into deed. Arms sales worth $25-$30bn are under way for this financial year, twice the figure for 1981. The surge is particularly impressive in the Middle East, where oil producers are adding hurriedly to their already bulging arsenals. The purchase of AWAC surveillance aircraft and other assorted air defence weaponry will set Saudi Arabia back $8.5bn, in addition to the $15bn the Saudi armed forces spent last year.

These are vast sums. The sale of AWACs was portrayed as a crucial test for U.S.-Saudi relations and of President Reagan's capacity to stand up to the Israeli lobby in Congress but, now the dust has settled, it does not seem to have had much effect on either. "You are just arms salesmen and we pay cash," a Saudi general told a member of U.S. Defence Secretary Caspar Weinberger's mission to Saudi Arabia. Foreign policy has almost become an instrument to sell arms rather than the reverse as the Administration contends.

It was, after all, as long ago as the spring of 1976 that General David Jones, Chief of Staff of the U.S. airforce, first tried to sell AWACs to the Saudis. This became all the more important when Iran dropped the AWACs contract. The political justification for the sale to the Kingdom may have changed over the years but it has been pushed by the U.S. airforce whatever administration is in charge in Washington. Saudi cynicism is understandable.

Of course the Americans are not alone in the field. Iraq has just ordered $660m worth of heavy artillery from France on top of a $1.6bn contract for anti-aircraft missiles agreed last year. Britain has been eyeing requests for weapons from Libya and Iraq, and has agreed to repair Iranian Chieftain tanks captured by Iraq.

But the failure of the U.S., the most influential outside power in the region, to develop a Middle East policy unconnected with arms sales, is far more dangerous. Every shipment of tanks and helicopters acquires political significance for lack of a long term political strategy. This is the real root of the conflict over the Middle East between Mr Alexander Haig as Secretary of State and Mr Caspar Weinberger. The latter, along with the Pentagon and the defence industries, seems to want to sell as many arms as possible. Alexander Haig, as his recently leaked comments to his staff confirm, does not.

There are also the strongest doubts about whether all these weapons do much to guarantee the security of Saudi Arabia or anywhere else. The best armies in the Arabian peninsula are those like that of Oman which have not been snowed under by masses of equipment which it does not have the trained manpower to use or maintain. The Iraqis' technological edge over the Iranians has not been of much use to them on the battlefield.

It is curious, nevertheless, to find Mr Alexander Haig, in his now famous briefing at the beginning of the month, saying: "The French can't produce enough arms to satisfy the Arabs" and "the Europeans are panting for military sales." Both points are true of Western Europe and equally so of the U.S. The danger is that the vacuum created by America's absence of policy in the Middle East will be filled by the arms salesmen.

Letters to the Editor

Aiming for protection of the holiday package

From the Chairman, Saga Holidays

Sir,—It now seems likely that overseas holidays next year will carry surcharges. Because of the Laker collapse and the resultant drain on the Air Travel Reserve Fund to compensate Laker passengers who had paid for — but not taken — their holidays, every overseas package holidaymaker will have to help foot an enormous bill to top up the fund's kitty.

The statutory bonding requirement on tour operators is supposed to meet this objective. But Laker's £5m bond is proving to be woefully inadequate and there is current speculation that the ATRF may have to provide as much again from its £18m reserves: hence next year's surcharge. Indeed, had the crash come in the high season, I estimate from Laker figures that the deficit could have been between £60m and £80m.

At the root of the problem is what may be regarded as the indecent and, arguably, immoral haste shown by many major tour operators to spend — on overheads such as wages, hotel bills, advertising, etc., etc. — their customers' cash before the customers travel.

While it might be over-simplifying a complex issue to say that it could be resolved by legal safeguards it is nevertheless good to see that authoritative comments are being made with this objective in mind.

Saga is one of the few tour companies (I know of only one other) which places its customers' payments on deposit. The interest this money earns plays a large part in financing the following year's operation, and there is thus no pressure to use it to pay bills run up during the current year's programme. For the year ended June 30, 1981 our published accounts show £13m received in advance payment, and £13m placed on deposit.

Yet the statutory bonding requirement on Saga was 'only' £1.7m. That would not go far to protect my passengers if I were suddenly called upon and found myself unable to repay the £13m they had given to me in trust for future holidays?

I support fully the recent suggestion that it should become statutory for tour firms to put all advance payments in independent hands in the form of, for example, local authority bonds. The bonds would be held by the independent agent but—most important — would continue to earn interest for the tour company.

The agreement would provide for the bonds to be handed back to the operator on day of departure, and also contain a clause which, in the event of a Laker-type disaster, would transfer ownership to the holder for conversion into cash for return to the customer. Current legislation protects customers money in so far as it does not become the property of the tour company until confirmation of the booking has been issued. The new system, effectively, merely seeks to extend this until departure date.

Sidney de Haan.
119 Sandgate Road, Folkestone, Kent.

The thorny problem of rates

From Mr A Potter

Sir,—I can quite understand the reluctance of all MPs to tackle the very thorny problem of rates and it is a thorny problem in that whichever party tackles the problem it will alienate its supporters. There is the glaring example of farming premises that were de-rated in 1928 since when no political party has had the strength of purpose to alter this situation for fear of upsetting the very strong farming lobby in the Houses of Parliament. In the inequitable situation that exists between private and domestic property, no Labour Party would redistribute the rates to give a more fair application of the system because it would alienate the unions and their members' rating bills. The Conservative Party would be very, very loath to re-assess rates on an industrial usage system because it would alienate the major contributors to its party funds.

Everybody admits the rating system is unfair and in particular to small businesses and until some Government of whatever political persuasion tackles this problem you will continually see levels of company closure as existed last year, for example, 8,000 companies closing down in small industry with a result of 800,000 jobs. MPs say this was replaced by the same number of companies starting up in business, this is another misleading statement in the fact that where a company will close down employing 50 people, there may be two companies start up employing two people, and in all probability those 2 are working from home anyway.

In this fiscal year £30bn will be spent by local government, of this £4.8bn will be contributed by the domestic ratepayers. A simple calculation will show that this is 16 per cent, however I would point out that £4.8bn paid by the domestic ratepayer is before it receives rate rebate payments and payments of rates through the supplementary benefit system and I feel sure that if this is taken into account you will find the figure is below 10 per cent in actual contribution to the local government finance requirements. Either way I would not argue over 1 per cent or 2 per cent, the point being that the administrators of this £30bn are elected by domestic ratepayers only.

A. Potter,
TGM Gauge Maintenance, Unit 51, Station Road, Coleshill, Birmingham.

Civil service pay offer

From the Managing Director Beldam Asbestos Co.

Sir,—As you say in your leader "Good ideas in a mean offer" (February 18) the objectives of the Government's new civil servants pay offer are logical. The Government is seeking, like any employer, to achieve value for money, to reward skill and responsibility and particularly to take appropriate account of market factors, such as its ability to recruit.

Your remarks about pay comparisons, however, are very misleading and should be corrected immediately. You state that for the second year running the offer to non-industrial civil servants is well below the going rate in the private sector, implying a second successive cut in their relative rewards. This is incorrect. Evidence in the Government's economic progress report of December suggests that the pay of non-industrial civil servants did not fall significantly in relation to their private counterparts last year, and there is no reason to suppose that it will do so with this year's offer.

When comparing relative earnings in the public and private sectors, it is not sufficient merely to consider settlement levels; account must also be taken of other factors: in particular the operation of the annual increment systems.

For instance, while the new offer does not increase pay scales for staff under 21, I understand that the operation of the annual increments will automatically increase their earnings by 5 per cent to 15 per cent compared with the previous year and annual increments apply right the way up the civil service pay scales. Such automatic increments are not common practice in private industry and I am not aware of any in the smaller firms with which I am familiar.

The total effect of the increases now proposed, together with the operation of increments, can hardly be described as mean; on the information available to me, the average non-industrial civil servant would achieve pay increases in the year ahead significantly higher than most of his (or her) counterparts in manufacturing industry.

Robert Beldam,
Lascar Works, Hounslow, Middlesex.

British workers not shiftless

From the Managing Director, Milliken Industrials

Sir,—It really does British industry a dis-service when your Observer column (February 17) opens with a paragraph implying that the British worker is shiftless—or at least implying that this is how the media normally portrays him.

Of course, strikes and other difficulties make the headlines: work as usual does not. But the suggestion that the shop floor worker in this country is "shiftless" is a monstrous one. As the Vauxhall story shows, the people who work for this company are anxious to help it to do well. This is not a unique case. As a general rule, throughout private industry, the people who come to work want to do everything they can to help their company succeed. Where an imaginative management can find ways of harnessing this latent enthusiasm, for the benefit of the enterprise, the response from the shop floor will always be a positive one. Conversely, where there is no enthusiasm from the British worker, the fault will almost certainly be on the side of the management.

As a nation, we seem to delight in publicising our problems to the world, and playing down our successes. It is a shame that your paper, which is read by many business leaders in other countries, should perpetuate the myth of the poor standard of British labour, when this is just not true.

C. F. Jeanes.
Wellington Mill, Wellington Street, Bury, Lancashire.

UK COMPANY NEWS

Hoover losses soar from £1.4m to £31m for year

TAXABLE losses of Hoover, the domestic appliance manufacturer, jumped from £1.4m to £30.97m in 1981, as depressed demand, strong competition and exceptional costs took their toll.

Some £16.61m of the deficit came in the final quarter, compared with £2.27m for the corresponding period, and the final dividend, like the interim, has been passed. Last year dividends totalling 6p net were paid.

The major reorganisation undertaken by the company gave rise to redundancy and other rationalisation costs amounting to £10.2m (£203,000) for the last quarter, increasing those for the full year from £1.48m to £17.24m. Of this, £13.5m relates to redundancy payments.

The directors point out that although restructuring has not yet been completed, provision has been made for those costs which will arise in 1982. They report that during 1981 the company's total UK workforce was reduced from 10,224 to 6,854, and say a further reduction will take place when production at the Perivale plant ceases. They forecast a total workforce of about 6,000 for 1982.

Fourth quarter group sales totalled £54.5m (£55m) and left the full year's result 2.7 per cent lower at £201m.

In the UK demand was depressed and industry deliveries were down on the previous year. Intense competition from both UK and foreign suppliers led to severe pressure on prices. Most overseas markets remained flat, but the introduction of new products did enable the company to increase sales in a number of countries.

Although market conditions are likely to remain difficult for some time yet, the directors say the company's lower cost base, higher levels of productivity and the introduction of new products will lead to an improvement in its competitive position.

The trading loss for the company and its subsidiaries rose from £778,000 to £4.7m in the final quarter and for the full year the deficit was £9.1m, compared with a profit of £2.69m. The 50 per cent-owned Hoover (Holland) turned in losses of £572,000 (£316,000) for the quarter and £1.36m (£599,000) for the year.

Apart from redundancy and rationalisation costs, the year's taxable losses were struck after interest payable of £3.28m (£2.02m). Tax took £835,000 (£1.36m) and the loss per 25p share is stated at 160p (14p).

Translation gains of £2.3m have been taken directly to reserve, and 1980 results have been restated accordingly.

Hoover is controlled by Hoover Company of the U.S., which owns 57.4 per cent of the equity.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BPM	int.	1.58	April 21	1.58	—	5.78
Eleco	int.	1	May 12	1	—	3.4
Harrisons Malaysian	int.	2.5	April 7	2.5	—	11‡
Hoover		nil	—	2	nil	6
Invest. Tst. Guernsey		3.2§	April 30	2.8*	5*	4.4*
Moorside Trust		2.5	Mar 25	2.5*	3.5	3.5*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special 3p payment. § Gross throughout.

Johnson Matthey shows rise

A RISE in taxable profits is shown by Johnson Matthey, gold, silver and platinum refiner, from £30.35m to £35.01m for the nine months to December 31 1981. Sales excluding Johnson Matthey Bankers stood lower at £589.34m compared with £672.13m last time.

In the third quarter pre-tax profits moved ahead by £1.16m to £11.88m.

Stated earnings per £1 share for the nine months were slightly lower at 24.6p, compared with 26.3p.

Pre-tax profits were struck after reduced deductions for debenture and other interests £1.78m (£6.37m) and higher depreciation of £6.53m (£4.48m).

Tax for the period took an increased charge of £10.5m (£8.94m).

The higher exchange variation credit of £2.91m (£1.31m) includes realised and realisable exchange gains. Translation differences relating to net assets of overseas subsidiaries and associated companies have been taken to reserves.

● comment

Last year's rights issue inevitably still bulks large in Johnson Matthey's profit and loss account. Despite an accelerating capital spend—£17m has been invested in the first nine months against a similar amount for the previous full year—JM's pre-tax figure is the better by £4.6m of interest elimination. At the operating level progress has been restrained; before interest and depreciation JM is only about 5 per cent ahead so far. Falling metal prices—and the slump in Detroit's car output—might have been expected to hold things back more severely; in fact the market was pleasantly surprised by the figures and the shares were 2p firmer at 272p. They trade on about 16 times prospective fully-taxed earnings (assuming £47m pre-tax for the year) and yield an historic 5 per cent. The immediate outlook cannot be other than dull, but slippage in auto-catalysts and refining will alike be limited by pre-contracted minimum sales. Further ahead, JM's increasing spread of technologies should assure further progress.

Carrington losses reduced sharply

BY ANTHONY MORETON, TEXTILE CORRESPONDENT

A "SIGNIFICANT improvement" in the last quarter of 1981 at Carrington Viyella, the sheets and shirts to garments group, was reported yesterday by Mr Jeff Hewitt, finance director, when he presented the preliminary results for the group.

This led to a sharp reduction in second-half pre-tax losses from last time's £7.1m to £1.3m, and enabled the group to almost halve its taxable deficit for 1981 to £4.36m, compared with £8.31m.

Furthermore, the group achieved a £5m reduction in borrowings despite meeting rationalisation costs and facing tough trading conditions.

Although the second half of the year is always a better time for textile and clothing concerns, Mr Hewitt professed to be "very encouraged" by the trend in the last quarter.

"The second half of 1980 and the first half of 1981 were the difficult months," he stated. "There was a pick-up in the second half of last year and in the last quarter sales, trading profit and pre-tax profit were better."

But Mr William Fieldhouse, the group's chairman, warned that January "was somewhat disappointing, probably because of the bad weather, and it would be inadvisable not to speculate too much about the next few months." He forecast "continuing difficult trading" in the first half of this year and limited scope for volume increase in turnover.

Carrington Viyella has now put its rationalisation programme substantially behind it. This has seen the workforce drop from 25,000 at the end of 1979 to 15,000 at the end of last year; and with announced redundancies taking another 1,000 off the total the payroll should be down to 14,000 at most by the second half of this year.

No further redundancies are expected, though with the delicate state of the textile trade these are always a possibility.

Over the past two years the group has closed 44 production units and substantially reduced another 13 in numbers employed. This has helped to push up sales per employee to £14,820 compared with £12,590 in 1980 and £11,064 the year before.

The company is now building its strategy around the recommendations made by the Boston Consulting Group so that its brand thrust will be concentrated behind three names—Viyella, Dorma and Van Heusen. It will expand into new technology "where appropriate," continue to pay special attention to major consumers such as Marks and Spencer and also attempt to produce as near to customers as possible.

It will also use non-group resources where advantageous, a step it has already taken by moving the Viyella name into the women's market and competing somewhere between Jaeger and Country Casuals.

The directors say the group's performance in the current year will benefit from actions taken in 1981. However, in the current trading environment they are continuing the policy of conserving cash while at the same time, improving the sustainable profitability of group businesses.

Group sales for the 12 months fell back from £297.03m to £259.9m although profits at the trading level showed an improvement from £3.44m to £3.87m.

The pre-tax deficit was struck after much lower interest charges of £8.6m, against £11.59m, and included a share of profits of associates higher at £381,000, compared with £141,000.

Tax took £2.03m (£1.31m) and after minorities this time of £612,000 and extraordinary debits well down at £12.45m (£21.51m), relating to further rationalisation measures in the UK and the full liquidation of the Italian subsidiary, Carrington Tesit, the attributable loss emerged at £19.44m (£31.13m).

Loss per 25p ordinary share was reduced from 5.58p to 4.14p but, as in the previous year, there is again no dividend—the last payment was a final of 0.4p net for 1979 which made a total of 1.1p per share. The directors say that in view of the severe financial difficulties over the last two years it is vital to continue to conserve resources.

On a CCA basis the pre-tax loss widens to £11.89m (£20.11m) and on the same basis loss per share was 8.09p (12.1p). The consolidated balance sheet at year end shows net current assets at £31.66m (£57.96m).

See Lex

Wedgwood profit improves to £6.06m

A RISE of about £2.4m in pre-tax profits has been shown by Wedgwood for the 40 weeks to January 2 1982. The taxable result moved ahead to £6.06m on turnover up by 10 per cent to £86.27m.

"Following the record sales performance in our second quarter, the combined effect of the severe weather of December, and the sudden and quite deep recession in North America, resulted in a shortfall in sales from our budget in the third quarter," says Sir Arthur Bryan, chairman.

However, says Sir Arthur, the increase in turnover and the continuation of the rationalisation and cost reduction programme has resulted in a rise in pre-tax profits.

Earnings per share improved to 10.1p, against 7.4p last time.

"The continuing punitively high interest rates in this country," says Sir Arthur, "have forced us to defer much of our capital investment programme."

He states that taxation is much higher at £2.26m against £853,000 previously. The profit after tax at £3.78m is consequently only about £1m higher than the year before.

Interest costs emerged at £1.92m, compared with £2.41m. Sir Arthur says that because of the unrealistic cost of money in this country the company has been obliged to finance business in the currencies of those countries following more businesslike policies. This policy has resulted in the reduction in interest costs of nearly £½m.

"I regret that there is no firm evidence yet of any improvement in the international or domestic business scene," says Sir Arthur. He adds that he takes comfort from the wide range of new products and from the enlarged showrooms in London.

Attributable profits emerged higher at £3.78m, against a previous net result of £2.21m after an extraordinary debit of £556,000. Dividends took £656,000 (£234,000) which left higher retained profits of £3.12m, compared with £1.88m.

The balance sheet for the period showed shareholders' funds improved from £42.35m to £47.39m. Bank loans and overdrafts fell by £4.5m to £7.25m. Net current assets fell from £23.76m to £23.55m.

● comment

Christmas brought little cheer for Wedgwood. For the 13 weeks ended January 2, sales were down by a tenth and trading profits sank by about 5 per cent. Sterling's weakness against the dollar accounts for much of the sales slippage, but trading profits should have been added, not hurt by this movement. The company blames a "sudden and deep" North American recession for the lag in profits. At the pre-tax level, reduced interest payments allowed a slight improvement in the third quarter to £2.1m, a result which should be at least matched in the fourth quarter. The market reacted to this news by knocking 4p off the shares, which at 76p indicates a prospective p/e of around 7. This unexciting rating discounts the prospects of a flat year in 1982, with the exception of some reduction in interest payments. The company says short-term borrowings have declined over the past 12 months, but stocks went up by £3m to £38.7m in the same period. The yield on a maintained final is nearly 8 per cent.

BPM results slump midway

A SLUMP in pre-tax profits was shown by BPM Holdings, printer and publisher of newspapers, for the 26 weeks to December 26 1981. The taxable surplus fell from £1.45m to £480,000 on higher turnover of £42.31m, against £38.28m.

In common with many other companies trading predominantly in the West Midlands the directors say the group has not found life easy during the first six months of this financial year. They add that the present financial year is likely to prove disappointing.

The directors feel able, however, to maintain the interim dividend at 1.58125p. Earnings per £1 share fell sharply from 31.9p to 9.7p.

In the last full year pre-tax profits were £2.57m on turnover of £77.89m from which a total dividend of 5.775p was paid.

The directors state that taken together, the newspapers failed to make a profit. This was mainly as a result of the decline in the fortunes of the group's Midland weeklies, which had been surviving the pressures of the economic climate rather better than their daily counterparts.

The retailing businesses performed better, but the bad weather in December and January affected their results, say the directors.

The major capital programme at the Birmingham Post and Mail has been completed. The expenditure incurred on this and the purchase of businesses on the retail side, have substantially increased interest charges, which rose from £292,000 to £484,000.

Taxable profits were struck after interest and dividends receivable fell to £34,000 (£233,000) and associate profits were lower at £124,000 (£163,000).

Minority interests took less at £33,000 (£85,000). After same-again preference payments of £2,000 and interim payments of £258,000, net profits emerged down from £1.04m to £139,000.

Current cost figures show pre-tax losses of £179,000.

● comment

BPM's interim pre-tax profits, at a third of the comparable level, were hit by the poor performance of the "weeklies." Profits of £465,000 turned into a loss of £100,000, with advertising revenue hit particularly by competition from free sheets. Overall, newspapers suffered a circulation drop of about 8 per cent. Newsprint costs rose by 30 per cent, while cover prices have remained fixed for twelve months. The £6m programme of investment in computerised typesetting was completed in September. At the moment the effects are seen in the balance sheet, but the company feels that cash flow should improve from now on. The retail side, with the inclusion of a full six months from Mallows, returned profits up 15 per cent to £740,000, but it has made a poor start to the year. With a first half current cost loss, and full year profits unlikely to reach the £1m mark, the maintained dividend should be seen in the light of the previous policy of maintaining the real value of the dividend. After the figures the share price fell 7p to 85p, where the attractions are a yield of almost 10 per cent, and solid asset backing.

Scottish American puts more into unquoted

UNQUOTED SECURITIES held by the Scottish American Investment Company accounted for 20.4 per cent of shareholders' funds at the end of 1981, according to the latest annual report. At the end of 1980 unquoteds only represented 13.8 per cent.

"Unquoted companies, so long the Cinderellas of the investment world, have become increasingly fashionable among UK pension funds and other large institutions," chairman Peter Turcan tells members.

"We felt that the prices of some of the propositions put to us were far too high, particularly during the early part of 1981. Nevertheless we were able to find some proposals at reasonable valuations and during the year invested net £2.3m in a variety of industrial and service companies, together with £2.9m in unquoted oil companies, mainly in the U.S."

Higher valuations of existing holdings also boosted the importance of this part of the portfolio. Altogether the managers looked at 130 unquoted propositions, compared with 80 to 1980.

The quoted portion of Scottish American's oil investments fell from 20.2 per cent to 12.8 per cent.

Daejan well ahead midway

FOR THE six months to September 30 1981 Daejan Holdings, property investment company, increased its pre-tax profits from £1.95m to £2.8m and the net interim dividend, as already announced, is being stepped up from 1.225p net to 1.925p per 25p share—last year's final was 2.625p.

Rent and service charges less property outgoings for the first half totalled £2.17m (£2.83m, including £366,000 relating to the previous year) and the surplus on the sales of properties was £3.6m (£2.48m). Other income dropped from £71,000 to £12,000. Financing and other charges amounted to £2.99m (£3.44m).

Tax took £1.15m (£750,000) and minority interests accounted for £9,000 (same). There was a transfer to capital reserves of £114,000 (£7,000).

Stated earnings per share moved up to 10.05p (7.28p).

Preliminary results of a revaluation of the UK portfolio carried out as at January 31, this year, reveals a surplus over book value of £33m in respect of investment properties and £27m in respect of trading properties.

HME well down at six months

TAXABLE PROFITS of Harrisons Malaysian Estates, a holding company with interests in rubber, palm oil and kernels, copra and cocoa, declined from £13.92m to £10.99m for the six months to September 30 1981 on lower turnover of £30.4m, compared with £31.3m.

Stated earnings per 10p share for the period emerged at 4.06p (5.09p) but the net interim dividend is being maintained at 2.5p—a final of 5.5p, plus a special payment of 3p from the surplus on a sale on a holding in Harrisons Crosfield, was paid for 1980/81 from profits at the pre-tax level of £23.23m.

The taxable surplus included investment income of £2.9m (£2.63m) and a share of profits of associates which amounted to £136,000 (£225,000).

Tax for the half year took £4.18m (£5.38m) and after minorities of £38,000 (£53,000) earnings for ordinary shareholders came through well down at £6.77m (£8.49m).

Tax comprised UK £60,000 (£135,000), Malaysia £4.06m (£5.13m) and associated companies £63,000 (£109,000).

The directors of the group, which is 80 per cent owned by Harrisons and Crosfield, say that profits for the second quarter were substantially higher than the depressed first quarter's figures and that the improvement has been maintained in the third quarter.

A breakdown of harvested crops per tonne shows: for the six months rubber 17,727 (19,694) for the 12 months to January 31 1982, 32,180 (34,709) and an estimate for the year to March 31 1982, 37,200 (39,361). For the same periods palm oil and kernels totalled 73,061 (77,618), 119,206 (121,310) and 139,500 (144,788): cocoa 1,548 (2,232), 2,803 (4,649) and 3,800 (5,716): and copra 2,478 (2,583), 3,931 (4,024) and 4,600 (4,679).

● comment

Harrison Malaysian Estates shares have lost about a quarter of their value in the past six months as negotiations on Malaysianisation have receded into the future. Meanwhile, however, the group's performance has been improving significantly, partly due to better crops and partly because of the deterioration of the value of sterling against the Malaysian dollar. Production of rubber in the second quarter, for example, was 23 per cent up on the first quarter and palm oil up 12 per cent over the same period. At the trading level, palm oil profits in the first half are slightly ahead, while rubber and cocoa account about equally for the £3.1m decline. For the balance of the year production is continuing to improve but rubber prices have fallen. Still, the group could come close to matching last year's £23.2m before tax. The shares eased 5p yesterday to 153p where the fully taxed p/e is 25 and the yield 7.6 per cent. Perhaps more relevant, the shares are at a 12.5 per cent discount to the value of the Malaysian properties established by the company last March.

First Scottish American up

Net revenue of the First Scottish American Trust emerged at £1.57m for the 12 months to January 31 1982, compared with £1.44m, after Corporation tax of £359,300, against £199,504, and imputation tax just £2,532 lower at £530,045.

Stated earnings per 25p share moved ahead to 4.91p (4.57p) and a higher final dividend of 3.55p (3.25p) raises the net total to 4.85p (4.55p).

Imps—Growth through reorganisation

Imperial Group, the leading tobacco, brewing and food manufacturer, is set to reap the benefits of its recovery programme in the current year.

The programme did not have time to make a significant impact on the year to October 31 1981 says Mr Geoffrey Kent, chairman. However, despite pre-tax profits falling £20.9m to £105.2m during that period, the company did put up a strong second half performance when it beat its mid-term forecast and achieved a £20.1m advance to £76.3m for the six months.

Nevertheless, on its own, the recovery programme will not lead to the more substantial progress sought by the board, says Mr Kent in his annual statement.

If the group is to return to reliable and steadily increasing prosperity, he states, the directors must decide what major sectors Imperial should be in and, within those core businesses, where efforts and resources should be concentrated over the coming years.

He sees his main task as being the development and execution of strategic plans to create a rejuvenated and highly profit-orientated group which will transform its recent trading results.

The first step in this process is for skilful strategic management of the group's existing portfolio. The immediate short-term recovery programme, already instigated, is concentrated on consolidation and a general efficiency drive in group operations.

Cost reduction is being strenuously pursued in each division and at head office, which is undergoing a major reorganisation. These efforts will produce a significant and sustained decrease in overheads to a level in keeping with the greater competitiveness sought, Mr Kent states.

Not only has the company cut costs, it has also taken steps to dispose of businesses which are either not likely to produce an acceptable return or are not seen to fit suitably into future strategies.

The directors are now carrying out a review of all the group's businesses. This will enable them to determine which of them have potential for profitable growth, which should be maintained and nurtured and which should be reduced in size or divested.

The rational allocation of resources for investment can only be made after comparative evaluations have first been carried out, says Mr Kent. In pursuit of this, he has recently improved the group's central planning capability.

Net capital expenditure during 1981 amounted to £107.6m, some 69 per cent of which was spent in the UK. Contracts for capital expenditure not provided for in the accounts totalled £25.4m (£27.7m), while capital expenditure authorised but not contracted for at October 31 1981 was £16.4m (£34.2m).

The consolidated balance sheet at the year end showed shareholders' funds at £796.03m (£737.11m). Cash and bank balances rose from £20.94m to £30.02m, while short-term borrowings were reduced from £309.46m to £37.17m. Fixed assets totalled £902.62m (£805.46m) and current assets, less liabilities other than borrowings and future tax, amounted to £119.78m (£246.31m).

The annual meeting of the company will be held at the Park Lane Hotel, W, on March 25 at noon.

1981-82 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
124	100	ABI Hldgs. 10pc CULS	124	—	10.0	8.1	—	—
75	62	Airsprung	70	—	4.7	6.7	11.1	15.4
51	33	Armitage & Rhodes	45	+1	4.3	9.5	3.8	8.5
205	187	Bardon Hill	201	−2	9.7	4.8	9.8	11.9
104	70	Deborah Services	70xd	−1	6.0	8.6	3.5	6.6
131	97	Frank Horsell	131	—	6.4	4.9	11.8	24.3
83	39	Frederick Parker	83	—	6.4	7.7	4.2	8.1
78	46	George Blair	51	—	—	—	—	—
102	93	Ind. Precision Castings	95	—	7.3	7.7	6.8	10.3
108	100	Isis Conv. Pref.	106	—	15.7	14.8	—	—
113	94	Jackson Group	98	—	7.0	7.3	3.0	6.8
130	108	James Burrough	112	—	8.7	7.8	8.2	10.3
334	250	Robert Jenkins	250	−2	31.3	12.5	3.5	8.8
59	51	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
222	160	Torday & Carlisle	160	−1	10.7	6.7	5.1	9.5
15	10	Twinlock Ord.	13½	—	—	—	—	—
80	68	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
44	25	Unilock Holdings	25	−1	3.0	12.0	4.5	7.6
103	73	Walter Alexander	76	—	6.4	8.4	5.0	8.8
263	212	W. S. Yeates	228	—	13.1	5.7	4.3	8.8

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THE INDEX GIVES YOU THE MAIN POINT OF EACH STORY. THE DATA BASE IS COMPREHENSIVE, ACCURATE AND UP TO DATE. THIS EXTRACT FROM THE **Corporate** SECTION COVERS SHELL.

> **SHELL UK**
> puts another 5.5% on petrol Aug8-24e; motorists show beginnings of a persecution complex as petrol heads for £1.70 a gallon Aug8-3a; from the managing director (let) Aug12-17a; wins NCB order Aug14-11g; Matthew Hall Engineering are to supply them with electrical work on their NCL plant Aug14-11h; asked by Office of Fair Trading to explain pricing policies Aug14-1g; Mr Booth's claim on petrol profit levels rebutted Aug19.6c;

THE PRICE RISE NOTED IS ALSO COVERED IN THE **General** SECTION, UNDER PETROL.

> Petrol: carrying petrol in Explosafe containers (motoring column) Aug8-7g;
> Prices: Shell to raise the price by 5p Aug7-5a; Shell puts another 5.5p on petrol (graph) Aug8-24e; motorists show beginnings of persecution complex as petrol heads for £1.70 a gallon Aug8-3a; pressure grows for Office of Fair Trading inquiry on price increases Aug10-26b; (let) Aug11-17b; BP, Esso, Mobil raise their prices Aug11-6a; (let) Aug12-17a; (let) Aug14-15a; Office of Fair Trading queries petrol wholesalers pricing policies (graph) Aug14-1g; (let) Aug17-17c; Labour Party urges inquiry into prices Aug18-6b; Shell UK attacks allegations by Albert Booth that profit levels are being understated Aug19-6c;
> Sales: garage at Thornbury *sells petrol at 99p a gallon* Aug29-1a;

THE UK SHELL AND UK PETROL ENTRIES BOTH REFER TO MR. BOOTH, WHO HAS HIS OWN ENTRY IN THE **Personalities** SECTION.

> ***BOOTH Albert***
> writes to Norman Fowler saying petrol price increases threaten transport of people & freight Aug18-6b; claims on petrol profit levels rebutted Aug19-6c;

EACH ENTRY CONCLUDES WITH DATE, PAGE AND COLUMN REFERENCE. THE FT'S EIGHT COLUMNS ARE LISTED A-H. THUS **Aug 19-6c** MEANS THAT THE ITEM APPEARED IN THE ISSUE OF 19TH AUGUST, ON PAGE 6, IN COLUMN 3.

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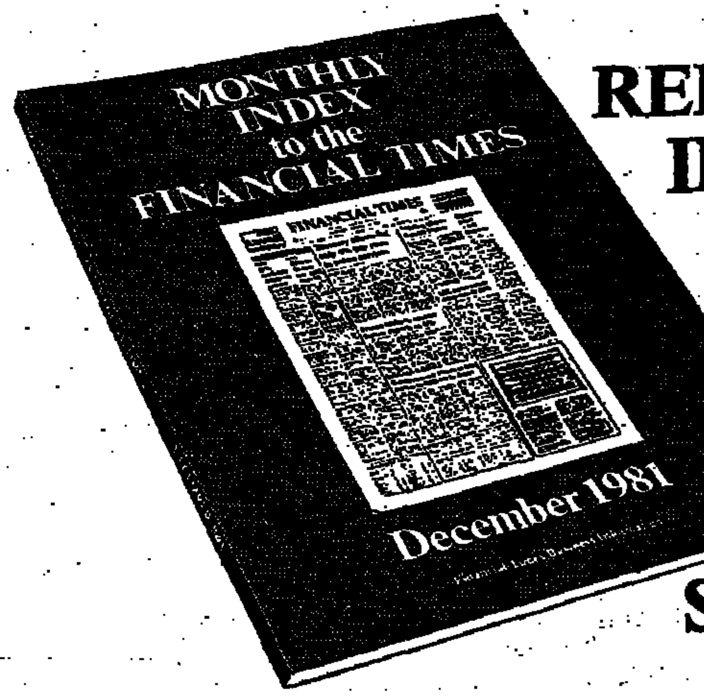

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UK COMPANY NEWS

MINING NEWS

UC Investments may cut payment

BY KENNETH MARSTON, MINING EDITOR

AFTER HAVING increased its 1981 dividend by 10 cents to 160 cents (88.3p) UC Investments, the South African gold and platinum investment company in the Gencor group is facing lower dividend income in the current year.

Making this comment in the annual report the UCI chairman, Mr H. A. Smith, points out that the company's policy is to distribute the major portion of available earnings, after allowing for known commitments, in any one year and not to smooth dividend payments over the years. He thus appears to be confirming general expectations of a likely cut in dividend for 1982.

He sees little likelihood of a recovery in this year's gold and platinum prices to the levels ruling at the beginning of 1981. He says of gold that the price has not been helped by the continuing high level of interest rates in the U.S. and the general slackness of western world economies.

"No relief appears likely in 1982 as there are no signs as yet of any economic recoveries and the governments of these countries are strongly maintaining their policies of curbing money supply and thereby hopefully reducing their inflation rates."

On the brighter side, Mr Smith points out that the sale of assets of the 15 per cent owned Beisa Mines to St. Helena will relieve UCI of its major future funding commitment to the new uranium-gold mine (which is due to be officially opened next week). This will also mean that loan repayments of R7.7m (£4.3m) from Beisa will be available to UCI this year for reinvestment.

CRA defends Ashton diamond valuations

THE LEADER of the Ashton diamond joint venture in Western Australia has countered suggestions that the valuations placed on stones from the project are too low by releasing figures from several independent valuers which show a close correlation with the results of the venture's own valuers.

CRA, the consortium leader, said yesterday that its own average figure of U.S.$11.73 (£6.34) per carat is very close to the average of $12.12 obtained by four other valuers.

The company made the point that diamond valuation is a subjective business, and that different people valuing the same sample are likely to arrive at widely diverging figures.

One valuer in particular seems consistently to have put much higher figures on the Ashton stones than everyone else concerned, with one sample rated some $10 per carat higher than the venture's own figure. If these high valuations are excluded, the three remaining valuers arrived at an average of $9.85, somewhat lower than the venture's own estimation.

Apart from the figures quoted, CRA, the local arm of the Rio Tinto-Zinc group, said that a further four independent valuations it had commissioned supported the venture's own valuer.

CRA went on to say that if its recommendation that De Beers' Central Selling Organisation should handle the marketing of the bulk of Ashton's diamonds is accepted, the prices will be based on London selling prices, less a commission to cover the CSO's expenses.

In addition, CRA said that the diamonds it will sell direct on the open market will enable it to monitor the sales through the CSO.

Falconbridge warns of nickel shortages

UNLESS TODAY'S depressed nickel prices improve to stimulate development of additional capacity shortages of nickel could occur. This is the argument of Mr H. T. (Peter) Berry, chairman of Canada's Falconbridge Nickel Mines, reports John Soganich.

Speaking at a New York metals and mining forum, Mr Berry said that nickel prices have been unsatisfactory for a number of years. As a consequence for six of the last 10 years, there has been inadequate cash generation for proper exploration, development and research.

His company and others are unable to make the heavy investments needed to cover the continued costs of pre-production and development of existing and known ore reserves. As a result, the nickel industry might not be able to respond quickly to a sudden, short-term surge in consumption. That, Mr Berry said, could result in temporary shortages.

But he maintains that no real problem concerns the long-range supply situation. The process of developing new capacity can take 10 years—or longer. Owing to today's lack of cash, he claims "no major new facilities in the non-communist world are currently being committed to handle demand in 10-15 years from now when depletion and obsolescence will have taken their toll of current capacity.

"A significant and sustained rise in prices beginning within the next year," is needed. "If such price increases do not occur within the next year or two, then the danger of inadequate supplies of nickel in the 1990s is very real indeed."

SPAIN

February 24	Price %	+ or −
Banco Bilbao	335	
Banco Central	354	
Banco Exterior	310	+2
Banco Hispano	322	+2
Banco Ind. Cat.	112	+3
Banco Santander	356	+2
Banco Urquijo	235	
Banco Vizcaya	375	
Banco Zaragoza	237	
Dragados	165	
Espanola Zinc	64	
Fecsa	60.2	
Gal. Preciados	46	−2
Hidrola	65.5	−1
Iberduero	51.5	
Petroleos	98.5	+0.5
Petroliber	94	
Sogefisa	4	
Sngalisa	14	
Telefonica	72	
Union Elect.	63.2	−0.2

Canadian loan for Ok Tedi

Canada's Export Development Corporation (EDC) is lending US$58m (£48m) to the Ok Tedi Mining consortium of Papua New Guinea.

The loan is to support sales by Canadian firms to the big gold-copper mining project.

Ok Tedi is a consortium of Australia's **Broken Hill Proprietary**, America's **Standard Oil (Indiana)**, West Germany's **Metallgesellschaft**, **Degussa**, **Deutsche Gesellschaft fur Wirtschaftliche Zusammenarbeit** and the state of Papua New Guinea.

BIDS AND DEALS

Croda forecasts £16m profits in bid battle

Croda International, the speciality chemicals group, has forecast pre-tax profits of about £16m for 1982 in another letter to shareholders explaining why the group is worth "much more than Burmah's present offer of 70p" in the board's view.

Burmah Oil launched its 70p per ordinary share bid on December 18. Croda's shares have remained above that level since then, closing last night unchanged at 82p with the deferred down 1p at 50p. Burmah's own shares closed down 3p at 108p.

The new forecast was promised at the outset of the takeover battle between the two companies. Croda's "best estimate" of a 1982 jump in profits of 85 per cent is certain to be closely analysed in the light of a 85 per cent boost in the dividend recently forecast for 1982.

The profits forecast—reviewed by Price Waterhouse and S. G. Warburg as Croda's auditors and financial advisers respectively—assumes sales volumes "in line with levels recently experienced" and benefits mainly from an improvement in net margins and a number of cost reduction measures, says Croda. Sir Freddie Wood, the chairman, insists in his letter that the company has "sought to avoid being rash or unduly optimistic." No changes are anticipated for interest or foreign exchange rates.

Prospects for the years beyond 1982 are discussed in vague terms. A profit figure of £20m for 1983 is mentioned as "an indication of what we think is possible and credible given the right conditions." Emphasis is placed on Croda's increasing concentration on overseas activities, and its development of "new products, new markets, new processes and better service to customers."

The letter refers only in passing to Burmah, whose record has already been fiercely attacked by Croda. Sir Freddie says there is a determination to return to an earlier level of growth which led in 1976 to Croda being "the fourth highest ranked company of the 200 largest UK listed companies in terms of growth over the previous decade (Burmah came 195th)."

Burmah's advisers, J. Henry Schroder Wagg, said it was "slightly reassuring at least to see a document from Croda arguing their case rather than attacking Burmah." But the profit forecast offered a dividend cover of only 1.35 which looked "very thin in the present climate."

Schroders saw "nothing in Croda's record to justify a figure of £20m for 1983." Adjustments to the 1982 profit figure to exclude Advanced Corporation Tax and arrive at a p/e of 6 for the 70p bid, said the bank, fell "in the fiddles category."

Sir Freddie commented last night that "until you get into three figures, you're not getting anywhere near" to an appropriate bid price. "The offer as it stands," he said, "hasn't got a cat in hell's chance."

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Amber Day, Footwear Industry Investments, Plessey, Tor Investment Trust.

Finals: International Investment Trust, Imperial Chemical Industries, St. Andrew Trust, Ward Holdings, Westwood Dawes.

FUTURE DATES

Interims—
Artwood Garages ... Mar 2
Clarke (Matthew) ... Mar 11
Dominion ... Mar 2
Link House Publications ... Mar 15
Scottish Metropolitan Props. ... Apr 6

Finals—
British Petroleum ... Mar 15
Cambea ... Mar 9
Fisons ... Mar 11
Globe and Phoenix Gold Mining ... Mar 1
Meinco (Memory and Electronic Components) ... Mar 15
Mount Charlotte Investments ... Mar 2
Royal Dutch Petroleum ... Mar 11
"Shell" Transport and Trading ... Mar 11
Stag Furniture ... Mar 10
Woodhouse and Rixson ... Mar 9

Lonrho seeks to remove Fraser offer objections

LONRHO SHAREHOLDERS have been told by Mr Roland "Tiny" Rowland, chief executive, that the group is seeking to remove objections raised by the Monopolies and Mergers Commission to a full takeover of House of Fraser, which owns Harrods.

In his annual review in the latest report and accounts of Lonrho, he says: "Shareholders will have been puzzled at the decision by the Monopolies and Mergers Commission not to recommend that Lonrho's bid for the House of Fraser be allowed to proceed normally.

"The Commission decided that the bid was, on the whole, not in the public interest, although by a previous decision in 1979 they cleared the way for Lonrho to build up a 30 per cent stake in the equity of House of Fraser.

"On the other hand, the national Press and the financial press are unanimous in saying that the report does not present an adequate argument against our making a bid, and that the House of Fraser shareholders should be allowed to take the decision themselves. We are moving to resolve the stated objections of the Commissioners," he adds.

Lonrho is seeking to increase its borrowing limits substantially under the group's articles of association. Once the articles are changed Lonrho will be able to borrow up to £1.46bn. It wants the increase in borrowing limits for "future expansion and development."

Under the present articles of association Lonrho is limited in borrowing money to an amount equal to twice the total of the capital and reserves of the group. As at 30 September 1981, its borrowing limit was £976m. On the same date the outstanding total of the group's borrowings was £889m.

The revised limit will be equal to three times the total of the capital and reserves of Lonrho, its subsidiaries and associate companies. Related to the latest balance sheet, the new formula would give Lonrho a borrowing limit of £1.46bn.

In the annual statement, Mr Rowland, who holds nearly 17 per cent of Lonrho's shares and is shown to have received a salary increase from £224,938 to £251,650 in the accounts, says that the continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries.

In a review of the group's activities Mr Rowland says that higher output on the mining side helped offset the fall in profits in that area. Total gold production was increased to 352,000 ounces. A new gold mine was established at Klipwal which is expected to increase the group's total gold production.

Plans to exploit a second higher grade platinum reef have developed. Construction of new plant for treating this ore is nearing completion and a large increase in production of platinum group metals above the current level of 134,000 ounces is consequently expected from March 1982.

Mr Rowland says that the casino division has grown in the past year under strict management supervision and, when all improvements have been completed, should contribute significantly to Lonrho's profits.

The Princess hotel group, in which Lonrho increased its stake to 100 per cent in the last year by buying the outstanding 50 per cent from business interests of Mr Daniel K. Ludwig, "is pursuing opportunities for worldwide expansion." A new tower addition to the Acapulco Princess will be completed and operational by the late summer of 1982.

In its textiles activities, Mr Rowland says that the Brentfords chain of shops was expanded during the financial year and by the year end 56 shops were open, with three more near completion.

In the accounts, the group's printing and publishing activities are shown to be loss-making. A loss of £730,000 was reported for the year ending September 30, 1981 compared with a pre-tax profit of £4.34m.

Lonrho's total pre-tax profits for that financial year were £120.6m, compared with £119.1m, on turnover of £2.46m against £2.1bn.

The group balance sheet shows shareholders' funds at £488m (£446.66m); loans at £342.9m (£249.8m), including long-term secured loans of £66.75m (£76.54m) and unsecured short-term loans of £88.83m (£44.36m).

The annual general meeting will be held at the Great Room, Grosvenor House, Park Lane, London, on April 2.

See Lex

English China pays £1.4m for Cedepro

English China Clays has paid around £1.4m in cash for Cedepro Chemical Development and Production AB the holding company of AB CDM which is one of the EEC's agents in Sweden. A further payment of up to £940,000 may become payable over the next four years depending on the level of profits achieved by Cedepro.

ECC, the leading china and ball clay producer, headed by Lord Aberconway, said that it regarded this acquisition as a logical step in serving more directly part of the paper industry and the whole of the ceramic, paint, rubber and plastics industries in the important Swedish market.

Rock Darham again to be set up as 'shell'

FOR THE second time in a little over three years, Rock Darham is being set up as a "shell" company. In 1979, after a recapitalisation, Mr Julius Darham injected his privately owned motor interests into the group which then changed its name from Bank Bridge Securities.

Mr Darham and his wife have now agreed to sell 3m shares, or 25 per cent of the equity, to licensed dealers Harvard Securities which will place the holding among its private, non-discretionary, clients at no higher than the prevailing market price.

Subject to the placing being finalised, which Harvard expects to complete in about a week, the the Darhams will sell a further 3,000,001 shares to Bletchford, a private company controlled by a Slater Walker Securities alumnus, Mr Robert Clarke, in exchange for an issue of shares by Bletchford to Mr Darham.

As a result, Mr Clarke will control 50.1 per cent of Bletchford and Mr Darham will control the remainder. Mr Darham is to resign from the board of Rock Darham and Mr Clark and his associate, Mr Andrew Baker, will become directors.

London Trust acquired a 16.7 per cent stake in Rock Darham last July when Mr Darham cut his holding from 69 to 51 per cent. London Trust's representative on the board, Mr Peter Wright, resigned his position as chairman at the beginning of this month.

Yearlings total £11.75m

Yearling bonds totalling £11.75m at 14 per cent redeemable on March 2 1983 have been issued this week by the following authorities:

Metropolitan Borough of Bury (£0.5m); Cannock Chase DC (£0.5m); East Lothian DC (£0.25m); Roxburgh DC (£0.25m); City of Salford (£0.5m); Cleveland CC (£2.5m); Kerrier DC (£0.5m); Borough of Reigate and Banstead (£0.5m); City of Wakefield Metropolitan DC (£0.5m); the Receiver for the Metropolitan Police District (£0.5m); City of Edinburgh (£0.5m); Metropolitan Borough of Sandwell (£1m); Stirling DC (£0.5m); London Borough of Camden (£0.5m); Epping Forest DC (£0.5m); City of Kingston upon Hull (£1.5m); South Wight BC (£0.25m); Stafford BC (£0.5m).

QUEENS MOAT FINANCE PLANS

Queens Moat Houses, the hotels group and caterers, has given shareholders further information on how it intends to finance the purchase of 26 hotels from Grand Metropolitan for £20m.

Queens Moat plans to finance the deal through a mixture of bank borrowings (most of which will be for a 15 year term), an underwritten rights issue to ordinary and convertible unsecured loan stock 1989/1994 holders, and an issue of ordinary shares to Grand Met.

A circular will be issued towards the end of March containing full details of the proposals and will include the preliminary results of Queens Moat for 1981, and a forecast of 1982 profits for the group as enlarged by the proposed acquisition.

Because of the size of the deal the transaction will need the approval of shareholders at an EGM.

Queens Moat directors intend to apply for a relisting of the company's shares immediately following the issue of the detailed circular.

WILSON PECK

The Wilson Peck directors are to seek shareholders' approval to change the company's name to Sheafbank Property Trust.

SHARE STAKES

H. Samuel—Following the termination of a family settlement in favour of A. S. Edgar, he is beneficially interested in 2,036,364 ordinary shares (29.75 per cent). In addition, he is interested in 446,344 ordinary shares (6.51 per cent) which are held by another family settlement from which he is in receipt of income.

Grand Metropolitan—J. Travers Clark, director, has sold 25,713 shares at 194p.

United Scientific Holdings—Atlantic Assets Trust has reduced its holding in the ordinary shares to less than 5 per cent.

Associated Paper Industries—Prudential Corporation holds 391,750 ordinary shares (5.61 per cent).

Crossfriars Trust—Equitable Life Assurance has notified a further purchase of ordinary shares making holding 1.17m (11.70 per cent) held by it and its subsidiary, University Life Assurance.

Scotcros—Throgmorton Trust has purchased 100,000 ordinary now holds 375,500 (5.37 per cent).

London Montrose Investment Trust—Merchant Navy Officers Pension Fund purchased on February 22 200,000 ordinary shares and now interested in 3,795,000.

Caparo ... Industries—Caparo Group has purchased 50,000 ordinary shares increasing holding to 22,667,756.

Baranora Tea Holdings—Anglo-Indonesian Corporation announces that a subsidiary has acquired 71,989 ordinary shares (4.99 per cent). Anglo Indonesian and subsidiaries interested in 287,499 shares (19.96 per cent).

Raybeck—Mr J. Perkins, director, sold beneficially 20,000 ordinary.

Triplevest—As a result of the recent purchase of 37,500 capital shares Merchant Navy Officers Pension Fund is beneficial owner of 1,621,000 (27 per cent).

English and International Trust—Equitable Life Assurance and its subsidiary, University Life Assurance, hold 1,735,000 ordinary (16.7 per cent).

PIP PRINTERS

Pip Instant Printers, with headquarters in Los Angeles, has set up a British company to seek instant print franchise owners in the UK. The company Pip UK is a joint venture between the American parent organisation and British printing company Kwik Kopy.

Investment Trusts foreign borrowings

Three investment trusts in the **Murray Johnstone** organisation have made borrowings from Morgan Guaranty Trust of New York, London office.

Murray Western has borrowed US$4m and Y450m, Murray Clydesdale has taken $2.5m and Y350m, and Murray Glendevon $1.2m.

The U.S. borrowings have been drawn for one month for each company, and the Yen borrowing for three months.

SCHRODER'S SWISS RISE

J. Henry Schroder Bank AG, of Zurich, the Swiss subsidiary of London merchant bankers Schroders, is to distribute an increased sum of SwFr 1.4m (£407,000 at current rates) in dividend for 1981, against SwFr 1.2m last time, following a rise in net profits from SwFr 2.48m to SwFr 2.71m.

The bank's balance-sheet total increased from SwFr 384m to SwFr 423m during 1981 and its

LONDON TRADED OPTIONS

Feb. 24 Total Contracts 2806. Calls 1631. Puts 1175.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	260	24	20	—	—	—	—	276p
BP (c)	280	12	5	22	45	30	14	"
BP (c)	300	5	34	12	21	20	—	"
BP (c)	330	2	24	7	10	12	—	"
BP (p)	260	7	20	—	—	—	—	"
BP (p)	280	19	101	22	54	27	—	"
BP (p)	300	36	85	38	—	42	—	"
BP (p)	360	98	65	98	10	—	—	"
CU (c)	120	21	4	25	5	28	—	140p
CU (c)	130	13	15	17	—	20	3	"
CU (c)	140	7	5	11	12	15	8	"
Cons. Gld (c)	460	17	—	30	—	40	3	444p
Cons. Gld (c)	500	12	1	17	—	25	2	"
Cons. Gld (p)	420	8	7	20	2	27	—	"
Cons. Gld (p)	460	33	3	35	2	44	—	"
Ctlds. (c)	70	13	1	14½	—	18½	—	81p
Ctlds (c)	80	6½	90	9	7	11½	—	"
Ctlds. (c)	90	2½	—	5	—	7	18	"
GEC (c)	750	80	25	107	—	—	—	819p
GEC (c)	800	45	19	70	—	90	1	"
GEC (p)	850	19	27	44	—	67	—	"
GEC (p)	800	20	19	27	—	35	—	"
Gr'd Met. (c)	180	20	19	28	—	33	—	195p
Gr'd Met. (c)	200	8	32	13	5	20	—	"
Gr'd Met. (p)	180	6	115	9	—	10	—	"
Gr'd Met. (p)	200	15	5	19	—	20	—	"
Gr'd Met. (p)	220	28	22	—	—	—	—	"
ICI (c)	260	70	1	76	1	—	—	326p
ICI (c)	280	50	2	56	1	—	—	"
ICI (c)	300	30	96	36	5	46	—	"
ICI (c)	330	13	87	24	45	30	1	"
ICI (c)	360	6½	17	12	1	18	1	"
ICI (p)	260	2	—	4	1	—	—	"
ICI (p)	300	4	43	13	8	15	—	"
ICI (p)	330	18	76	24	26	28	—	"
ICI (p)	360	44	28	46	3	48	—	"
Mks & Sp. (c)	130	13	—	15	17	21	15	139p
Shell (c)	330	20	3	34	—	—	—	344p
Shell (c)	360	10	33	18	1	26	—	"
Shell (c)	390	4	—	12	2	20	—	"
Shell (p)	330	8	25	10	—	—	—	"
Shell (p)	360	26	13	30	1	36	—	"
Shell (p)	390	56	10	58	—	62	—	"
		February		May		August		
Barclays (c)	390	97	—	100	10	—	—	485p
Barclays (c)	460	27	—	37	5	58	1	"
Barclays (c)	500	1	—	16	2	32	1	"
Barclays (p)	460	1	—	20	7	25	1	"
Barclays (p)	500	18	1	38	—	43	1	"
Imperial (c)	70	12	3	14	—	17	4	81p
Imperial (c)	80	2	35	6½	71	9½	19	"
Imperial (c)	80	½	—	3½	—	4½	168	"
Imperial (p)	90	9½	—	10	5	10	—	"
Lasmo (c)	280	—	—	20	4	32	—	272p
Lasmo (c)	300	—	—	14	1	24	—	"
Lasmo (c)	330	½	—	7	4	15	10	"
Lonrho (c)	80	¾	—	4	42	7	41	74p
Lonrho (c)	90	¼	2	2½	—	3½	—	"
Lonrho (p)	80	7	27	9	50	11	22	"
Lonrho (p)	90	17	40	18	2	21	2	"
P & O (c)	110	21	3	25	—	—	—	128p
P & O (c)	120	11	16	17	10	24	2	"
P & O (c)	130	1	230	10	10	15	—	"
P & O (c)	140	½	1	5	5	11	—	"
P & O (c)	160	¼	—	4	—	6	10	"
Racal (c)	330	30	3	—	—	—	—	358p
Racal (c)	360	1	10	23	—	35	1	"
Racal (c)	390	¾	—	10	5	25	7	"
Racal (c)	420	¾	3	7	35	13	—	"
Racal (c)	460	½	8	3	1	8	—	"
Racal (p)	330	¼	3	—	—	—	—	"
Racal (p)	360	4	129	17	18	25	7	"
Racal (p)	390	35	53	40	16	45	—	"
Racal (p)	420	65	21	67	11	70	—	"
RTZ (c)	380	45	—	72	3	77	—	434p
RTZ (c)	420	17	5	44	2	52	17	"
RTZ (c)	460	1	—	24	—	37	2	"
RTZ (p)	500	1	—	12	10	25	—	"
RTZ (p)	460	32	2	30	4	35	—	"
Vaal Rfs. (c)	60	½	—	2¾	5	3½	—	$53
Vaal Rfs. (p)	60	7½	4	9	—	10½	—	"

C=Call P=Put

WILLIAM HALL LOOKS AT THE ANSBACHER DEAL

Seeking the right formula for success

Mr Charles Williams, the 49-year-old head of Henry Ansbacher and architect of the planned deal with **Seascope** and **Touche Remnant**, holds fairly strong views about the future for small merchant banks and these help explain yesterday's announcements.

An ex-chairman of the Price Commission and former managing director of Baring Bros, Mr Williams was brought into Ansbacher just over two years ago to put it on the map. Ansbacher is one of the smallest merchant banks and has had a succession of shareholders, none of whom has left much of a mark.

In the 1960s several small U.S. banks took a stake but withdrew in 1971 following its acquisition by Robert Fraser and Partners which resulted in Sir Max Joseph, head of Grand Metropolitan, acquiring a substantial stake. In 1972 there were plans to merge with Johnson Matthey Bankers, but these came to nothing and the group subsequently ran into financial difficulties in the fringe banking crisis of the mid-1970s.

At about this period Lissauer Group, the metal traders, took a stake which was eventually raised to 49 per cent but despite the succession of shareholders, Ansbacher's management has never been able to find the right formula for success.

Soon after he took over Mr Williams concluded that whilst a small merchant bank with no natural customer base could find a niche both domestically and internationally in the growth period of the 1960s and early 1970s, the outlook for such an institution in the current climate was far less hospitable.

In a letter to its shareholders, Ansbacher says that "expansion by organic growth from our net asset base of £8m was bound to be a slow affair and recently this has been made no easier by the constraints imposed on the growth of banking profits by trends in interest rates and costs."

At £63.2m, Ansbacher's balance sheet is the same size as it was in early 1974 and in the year to March 1981 its after-tax profits were less than £700,000.

Under Williams' direction Ansbacher has been searching for a partner for some time and it is no secret that it was interested in taking over Arbuthnot Latham, the accepting house, but was beaten by Dow Scandia.

Under the new deal, Henry Ansbacher will raise £8.6m of new capital. Some £5.7m will be used to take over Seascope, a leading shipbroker and insurance broker, and Touche Remnant, which manages funds of £1.3bn, will end up with a fifth of the enlarged group which will have net tangible assets of £15.7m. The other big shareholder will be the Lissauer Group, the commodity traders, with around a fifth of he equity.

Mr Williams argues that to survive these days small merchant banks need to find a source of natural business and this is the rationale underlying the latest deal.

The Lissauer Group, which is one of the world's biggest traders in metals, has been associated with Ansbacher since the mid-1970s but Mr Williams feels

Mr Charles Williams

the bank has never been large enough to provide the group with the sort of merchant banking services it needs.

He is anxious to stress that Lissauer is just not a commodity trader but is involved in a whole range of often complex trade transactions. The combination of Ansbacher's banking operation and the insurance and shipping business of Seascope will form a "well balanced base from which to develop and expand financial services relating particularly to the trading and movement of goods."

The second leg of the deal is the Touche Remnant involvement. Mr Williams had been looking for a powerful financial institution in the City which could give rise to corporate finance business, and says that Touche Remnant, one of the most prestigious names in the investment trust business, fits the bill nicely. He draws parallel with the impact of Robert Fleming's investment trust business on the bank.

Touche provides investment management services to a dozen investment trust companies and several pension funds and will make available to the enlarged group its portfolio management expertise. At the same time it is absorbing Ansbacher's own investment management operation.

For Seascope, which was established in 1970, the deal is seen as a way of broadening its business base at a time when some of its own markets are looking rather depressed. It is forecasting pre-tax profits of £2.1m in the year to end May 1982 and once the deal is completed its shareholders will end up owning 24 per cent of the enlarged group.

Mr Williams, who will be chief executive of the new group, says that the deal is just the start of a process in developing Ansbacher into a trade orientated financial services group. He is planning further acquisitions.

He points across the Atlantic at deals such as Salomon Brothers' acquisition by Phillip Brothers, as a sign of the way things are developing in the financial services industry. But such examples have yet to prove themselves and, nearer at home, the 1972 merger of Guinness Mahon and Lewis and Peat combining commodity trading with financial services, has not been a success. Consequently, the City is likely to reserve its judgment on this latest deal.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	—	—	6	43 B	—	—	$363.25
GOLD C	$375	26	17 B	13	28	25	40	"
GOLD C	$400	15	8	—	—	—	—	"
GOLD C	$425	—	—	2	12 B	—	—	"
GOLD C	$450	1	1.60	—	—	—	—	"
GOLD P	$350	13	11	20	13	1	17 A	"
GOLD P	$375	115	20.50	6	24	—	—	"
GOLD P	$400	12	38	—	—	—	—	"
GOLD P	$425	—	—	2	62	—	—	"
12¾ NL 81 87-91								
C	F.105	—	—	5	4.20	—	—	F.108.20
C	F.110	—	—	46	0.70	—	—	"
10¾ NL 80 86-95								
C	F.100	—	—	100	1.30	—	—	F.99.60
		April		July		Oct.		
AKZO C	F.22.50	26	6.40	—	—	—	—	F.28.70
AKZO C	F.25	422	3.70	183	4.70	—	—	"
AKZO C	F.27.50	439	1.80	110	2.70	154	2.80	"
AKZO P	F.25	—	—	113	0.40	—	—	"
AKZO P	F.27.50	32	0.60	100	1.10	80	1.10	"
AMRO C	F.50	—	—	11	1.60	—	—	F.47
HEIN C	F.50	5	3.60	—	—	—	—	F.52.70
HEIN C	F.55	30	1	—	—	—	—	"
IBM C	$65	7	1¼	—	—	—	—	$60
KLM C	F.90	54	6.80	—	—	—	—	F.93.50
KLM C	F.100	41	2.70	11	6	—	—	"
KLM C	F.110	10	0.70	49	3.20	—	—	"
KLM P	F.90	11	1.80	5	3.70	10	5.60	"
KLM P	F.100	10	6.80 B	—	—	—	—	"
NEDL C	F.120	47	3.50	—	—	—	—	F.117
NEDL C	F.130	140	1.30	9	1.90	7	3.50	"
NEDL C	F.140	—	—	—	—	30	1.40	"
NEDL P	F.120	115	6.20	36	14.50	17	15	"
NEDL P	F.130	25	14.50	52	23	—	—	"
NEDL P	F.150	—	—	10	40	—	—	"
NATN C	F.115	—	—	16	1	—	—	F.105.50
NATN P	F.105	9	1.60	—	—	—	—	"
NATN P	F.110	—	—	8	5	9	5	"
PHIL C	F.20	103	4	65	4.30	—	—	F.23.80
PHIL C	F.22.50	83	1.80	428	2.30	10	2.90	"
PHIL C	F.25	62	0.60	461	1.20	65	1.60	"
PHIL P	F.20	—	—	15	0.40	—	—	"
PHIL P	F.25	—	—	—	—	10	2.10	"
RD C	F.70	7	8	—	—	—	—	F.75.50
RD C	F.80	299	1.30	94	2.40	44	4.20	"
RD C	F.90	137	0.30	93	0.80	14	1.50	"
RD P	F.70	120	0.80	333	1.70	27	5	"
RD P	F.80	539	5A	60	7	11	7.50 B	"
RD P	F.90	—	—	37	16	—	—	"
UNIL C	F.160	20	4.30	—	—	—	—	F.159.40
		May		Aug.		Nov.		
MANN C	DM.160	—	—	20	5	—	—	DM142.30

TOTAL VOLUME IN CONTRACTS: 5995

A=Asked B=Bid C=Call P=Put

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar eased slightly against most currencies, but moved within a narrow range, and finished near its best levels of the day. Short-term Eurodollar rates fell, and Federal funds also showed an easier trend during early New York trading.

Sterling weakened as London clearing banks cut base lending rates by ½ per cent to 13½ per cent, but recovered quite strongly in late trading, possibly with some help from the Bank of England.

Danish krone remained at the top of the European Monetary System, followed by the Belgian franc, despite an early decline by the Belgian currency.

DOLLAR — Trade-weighted index (Bank of England) was unchanged at 112.5 against 111.0 six months ago. Three month Treasury bills 12.18 per cent (*15.90 per cent six months ago*). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar fell to DM 2.3660 from DM 2.3725 against the D-mark; to FrFr 6.03 from FFr 6.0325 against the French franc; to SwFr 1.8740 from SwFr 1.8775 against the Swiss franc; and to Y234.25 from Y234.75 *in terms of the Japanese* yen.

STERLING — Trade-weighted index 90.8, *unchanged from* noon, against 91.1 in the morning, 91.2 at the previous close, and 92.4 six months ago. Three-month interbank 14 per cent (14⅛ per cent six months ago). Annual inflation 12 per cent (*unchanged from previous* month)—The pound finished at its lowest level against the dollar since late October, *falling* 15 points to $1.8295-1.8305. It opened at $1.8360-1.8370, and touched a high point of $1.8380-$1.8390, but fell quite sharply in the afternoon, to a low of $1.8220-1.8230. Sterling also lost ground to other major currencies, but finished well above the worst levels of the day. It fell to DM 4.3325 from DM 4.3450; to FFr 11.0350 from FFr 11.0450; to SwFr 3.43 from SwFr 3.44; and to Y428.50 from Y430.

D-MARK — EMS member (weakest). Trade-weighted index *121.9 against 121.7* on Tuesday, and 115.6 six month ago. Three-month interbank 10.225 per cent (12.90 *per cent six months ago*). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark weakened against all members of the EMS, except the Belgian franc at the Frankfurt fixing. The Belgian currency rose to DM 5.46 from DM 5.4470, while the French franc fell to DM 39.21 per 100 francs *from DM 39.23*, and the Dutch guilder to DM 91.1150 per 100 guilders from DM 91.2150. Outside the EMS the Swiss franc rose to DM 1.2681 from DM 1.2595, but sterling fell to DM 4.32 from DM 4.3410. The Bundesbank did not intervene when the dollar eased to DM 2.3608 from DM 2.3615 at the fixing.

BELGIAN FRANC — EMS member (second strongest). Trade weighted index was unchanged at 97.0 against 105.4 six months ago. Three-month Treasury bills 14.25 per cent (15.75 per cent *six months ago*). Annual inflation 7.6 per cent (8.3 per cent previous month)—The franc weakened in early trading, but then recovered following news that the Belgian *National Bank had left its discount rate* at 14 per cent. The 8½ per cent devaluation at the weekend, and cuts in Treasury certificate rates on Monday and Tuesday led to speculation that the weekly meeting of the central bank may have produced a small cut in the discount rate. The financial franc was particularly weak, *with the dollar* rising to BFr 47, before settling back to BFr 46.60 at noon. The National Bank replenished its reserves by selling BFr 3bn on Monday, following the devaluation, after spending the equivalent of BFr 7.1bn in support last week. By the time of the Brussels fixing the franc was firmer against all EMS currencies, the dollar and sterling, but lost ground to the Swiss franc and yen.

THE POUND SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8220-1.8390	1.8295-1.8305	0.03-0.13c dis	-0.52	0.42-0.52dis	-1.03
Canada	2.2230-2.2610	2.2315-2.2325	0.07-0.17c dis	-0.64	0.62-0.72dis	-1.20
Nethlnd.	4.72-4.77¼	4.75¼-4.76¼	2¼-1¾c pm	4.73	4¾-4¼ pm	3.78
Belgium	79.70-79.60	79.20-79.30	5-25c dis	-2.27	18-38 dis	-1.41
Denmark	14.44-14.52	14.49¾-14.50¾	¾-1¼ore dis	-0.52	3¼-4¼ dis	-1.07
Ireland	1.2180-1.2315	1.2225-1.2250	0.29-0.50p dis	-4.36	1.22-1.42dis	-4.31
W. Ger.	4.30¼-4.36¼	4.33¼-4.33¾	1¾-1¼pf pm	4.15	4¾-3¾ pm	3.69
Portugal	129.20-127.50	128.70-127.00	50-160c dis	-9.93	130-330 dis	-8.20
Spain	187.00-188.00	187.70-188.00	15-60c dis	-2.78	85-110 dis	-2.08
Italy	2,312-2,328	2,318-2,320	12-15 lire dis	-7.24	41¼-44¼ dis	-7.48
Norway	10.93-11.03	10.97¼-10.98¼	2¼-1¼ore pm	1.77	1¾ pm-¼ dis	—
France	10.98-11.04	11.03-11.04	2-7c dis	-1.09	4¾-6¾ dis	-1.86
Sweden	10.51-10.58	10.55¼-10.56¼	¾ore pm-¾ dis	—	1¼-1¼ pm	0.54
Japan	425-432	428-429	3.35-2.85y pm	8.54	8.00-7.65 pm	7.30
Austria	30.25-30.50	30.35-30.40	17¾-14gro pm	6.22	40-33 pm	4.81
Switz.	3.40¼-3.44¼	3.42¼-3.43¼	2¼-1¾c pm	7.00	4¾-4¼ pm	5.39

Belgian rate is for convertible francs. Financial franc 85.60-85.70. Six-month forward dollar 0.95-1.05c dis, 12-month 1.85-2.00c dis.

THE DOLLAR SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8220-1.8390	1.8295-1.8305	0.03-0.13c dis	-0.52	0.42-0.52dis	-1.03
Ireland†	1.4820-1.4970	1.4920-1.4935	0.53-0.43c pm	3.86	1.30-1.10 pm	3.21
Canada	1.2190-1.2205	1.2200-1.2205	0.01-0.04c dis	-0.24	0.02-0.06dis	-0.13
Nethlnd.	2.5880-2.6000	2.5950-2.5980	1.20-1.10c pm	5.31	3.25-3.15 pm	4.93
Belgium	43.20-43.33	43.31-43.33	par-5c dis	-0.69	par-5 dis	-0.23
Denmark	7.9050-7.9350	7.9125-7.9150	0.20-0.10ore pm	0.23	0.25 pm-par	0.06
W. Ger.	2.3570-2.3670	2.3655-2.3665	0.95-0.91pf pm	4.74	2.85-2.80 pm	4.77
Portugal	69.00-69.35	69.05-69.35	25-80c dis	-9.11	95-180 dis	-7.09
Spain	102.25-102.80	102.70-102.80	70-20c dis	-1.75	30-45 dis	-1.46
Italy	1,266½-1,270	1,267-1,268	6-7 lire dis	-6.15	19-20 dis	-6.15
Norway	5.9800-6.0100	6.0000-6.0060	1.30-1.10ore pm	2.39	2.60-1.80 pm	1.26
France	6.0100-6.0325	6.0275-6.0325	0.15-0.30c dis	-0.48	1.05-1.25dis	-0.80
Sweden	5.7575-5.7750	5.7600-5.7620	0.25-0.15ore pm	0.67	1.00-1.85 pm	1.34
Japan	233.50-234.40	234.20-234.30	1.65-1.70y pm	9.09	4.80-4.75 pm	8.24
Austria	16.56-16.61½	16.59¼-16.60¾	9¼-8gro pm	6.41	25-22¾ pm	5.72
Switz.	1.8570-1.8760	1.8735-1.8745	1.21-1.16c pm	7.48	3.15-3.07 pm	6.64

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb.24	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	-32.7
U.S. dollar	112.5	+5.4
Canadian dollar	87.6	-16.0
Austrian schilling	116.0	+24.2
Belgian franc	97.0	+0.10
Danish kroner	83.9	-13.8
Deutsche mark	121.9	+44.8
Swiss franc	154.2	+106.5
Guilder	114.2	+20.9
French franc	79.9	-14.3
Lira	55.1	-57.5
Yen	139.4	+33.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.616152	0.659252
U.S. $	13	1.12343	1.02646
Canadian $	15.66	1.36639	1.25298
Austria Sch.	6¾	18.7856	17.0615
Belgian F.	14	49.0374	44.5015
Danish Kr.	11	9.04876	8.21166
D mark	7½	2.67659	2.42893
Guilder	8½	2.93158	2.66509
French Fr.	9½	6.81998	6.18915
Lira	19	1434.92	1302.04
Yen	5½	262.519	240.405
Norwgn. Kr.	9	6.78471	6.15632
Spanish Pta.	8	110.637	105.068
Swedish Kr.	11	6.51349	5.91121
Swiss Fr.	6	2.12518	1.92323
Greek Dr'ch.	20½	—	62.8289

OTHER CURRENCIES

Feb. 24	£	$		£ Note Rates
Argentina Peso	18,310-18,330†	10,000-10,050†	Austria	30.20-30.50
Australia Dollar	1.6950-1.6970	0.9270-0.9275	Belgium	84.50-86.50
Brazil Cruzeiro	252.36-253.36	138.56-139.05	Denmark	14.48-14.58
Finland Markka	8.347-8.357	4.5170-4.5190	France	10.96-11.06
Greek Drachma	110.285-113.578	61.05-61.25	Germany	4.30-4.40
Hong Kong Dollar	10.77¼-10.79	5.8875-5.9025	Italy	2320-2370
Iran Rial	149.35*	81.90*	Japan	428-433
Kuwait Dinar (KD)	0.519-0.525	0.2842-0.2844	Netherlands	4.72-4.76
Luxembourg Fr.	79.20-79.30	43.21-43.33	Norway	10.94-11.04
Malaysia Dollar	4.2050-4.2150	2.3050-2.3060	Portugal	126-133
New Zealand Dlr.	2.3170-2.3210	1.2690-1.2700	Spain	182½-192½
Saudi Arab. Riyal	6.25-6.31	3.4195-3.4215	Sweden	10.55-10.65
Singapore Dollar	3.8450-3.8550	2.1045-2.1055	Switzerland	3.41-3.45
Sth. African Rand	1.7655-1.7665	0.9745-0.9755	United States	1.82-1.84
U.A.E. Dirham	6.71-6.77	3.6715-3.6735	Yugoslavia	92½-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.3205	−0.68	−0.68	±1.5440
Danish Krone	8.18382	8.12526	−0.72	−0.72	±1.6428
German D-Mark	2.41815	2.42306	+0.20	+0.20	±1.1097
French Franc	6.19564	6.17824	−0.28	−0.28	±1.3743
Dutch Guilder	2.67296	2.66035	−0.47	−0.47	±1.5069
Irish Punt	0.686799	0.686765	[illegible]	[illegible]	[illegible]
Italian Lira	1305.13	1300.92	−0.32	−0.32	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for February 24 .... 0.561933.

EXCHANGE CROSS RATES

Feb. 24	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.830	4.333	428.5	11.035	3.430	4.758	2319.	2.232	79.25
U.S. Dollar	0.546	1.	2.367	234.2	6.030	1.874	2.600	1267.	1.220	43.31
Deutschemark	0.231	0.423	1.	98.90	2.547	0.792	1.098	535.3	0.515	18.29
Japanese Yen 1,000	2.334	4.271	10.11	1000.	25.75	8.005	11.10	5412.	5.209	184.9
French Franc 10	0.906	1.658	3.926	388.3	10.	3.108	4.311	2101.	2.023	71.82
Swiss Franc	0.292	0.534	1.263	124.9	3.217	1.	1.387	676.1	0.651	23.10
Dutch Guilder	0.210	0.385	0.911	90.07	2.319	0.721	1.	487.4	0.469	16.66
Italian Lira 1,000	0.431	0.789	1.868	184.8	4.759	1.479	2.052	1000.	0.962	34.17
Canadian Dollar	0.448	0.820	1.941	192.0	4.944	1.537	2.131	1039.	1.	35.51
Belgian Franc 100	1.262	2.309	5.467	540.7	13.92	4.328	6.003	2926.	2.816	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 24)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 7/8	offer 15	bid 15	offer 15 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	12¾-13	11½-12	9½-9¾	4-4¼	10-10½	14-14½	18-20	13-16	5½-5¾
7 day's notice	14¼-14½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	14¼-14½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	14-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	14-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	13½-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month 12¾-13 per cent; three months 12¾-13⅛ per cent; six months 13⅛-13½ per cent; one year 13¼-13⅝ per cent.
ECU linked deposits: one month 12¾-13⅛ per cent; three months 13-13¼ per cent; six months 13¼-13½ per cent; one year 13⅛-13⅜ per cent.
Asian $ (closing rates in Singapore): one month 14⅛-14¼ per cent; three months 15⅛-15¼ per cent; six months 15⅛-15¼ per cent; one year 15⅛-15¼ per cent. Long-term Eurodollar two years 15⅜-15¾ per cent; three years 15⅛-15⅝ per cent; four years 15⅛-15⅝ per cent; five years 15⅛-15⅝ per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 14.10-14.20 per cent; three months 14.45-14.55 per cent; six months 14.65-14.75 per cent; one year 14.60-14.70 per cent.

MONEY MARKETS

Base rates cut

London clearing bank base lending rate 13½ per cent (since February 25)

Interest rates continued to ease in the London money market yesterday, following the cut of ½ per cent to 13½ per cent in clearing bank base rates.

Barclays Bank led the way down early in the morning, but this was not followed by the other banks until lunch time, while the Bank of England refused to endorse any new dealing rate on bills, and did not intervene in the market during the morning despite a forecast shortage of about £350m, which was again revised twice during the day, the authorities suggested that the shortage was in the region of £400m, but returned the forecast to £350m in the afternoon.

The major factors were: bills maturing in official hands and a market take-up of Treasury bills —£47m, coupled with Exchequer transactions of —£350m.

In confused trading, following the move by Barclays Bank, bills were offered to the authorities at unacceptably low rates, and the total intervention in the afternoon was all by way of bills for repurchase by the market today, at an interest rate of 14-14⅛ per cent.

The amount of assistance was £299m, indicating that the market was still short of funds at the close.

In the interbank market overnight loans opened at 14¼-14⅝ per cent, the lowest level of the day, and rose to 15¼-15½ per cent when the authorities did not intervene in the morning. Rates eased to 14¼-14⅜ per cent in the afternoon, but rose steadily to close at 22-25 per cent. Seven-day money remained high, reflecting the shortage day-to-day funds, rather than the cut in base rates, finishing little changed at 14¼-14⅜ per cent. London period rates eased however, with three-month falling to 13⅞-14⅛ per cent from 14-14¼ per cent.

In Frankfurt call money was steady at 10.05 per cent, after touching 10.10-10.15 per cent as banks bid for funds to meet month-end reserve requirements. A securities repurchase agreement expired earlier this month, draining DM 4.6bn, and another repurchase scheme of DM 8.4bn runs out on March 8, but despite fairly tight conditions there has been no offer of liquidity assistance from the Bundesbank recently. Special Lombard borrowings by the banks rose to DM 7.9bn on Tuesday, compared with about DM 5bn to DM 5.5bn around the middle of the month.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	12¾-12⅞
Treasury bills (13-week)	12.18
Treasury bills (26-week)	12.75
GERMANY	
Special Lombard	10.00
Overnight rate	10.05
One month	10.05
Three months	10.20
Six months	10.25
FRANCE	
Intervention rate	14.125
Overnight rate	14.375
One month	14.375
Three months	14.4375
Six months	14.4375
JAPAN	
Discount	5.50
Call (unconditional)	6.53125
Bill discount (three-month)	6.53125

LONDON MONEY RATES

Feb. 24 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14¼-25	[illegible]	—	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¼ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½ per cent; four months trade bills 14¼ per cent.

Approximate selling rate for one month Treasury bills 13⅞-13¾ per cent; two months 13⅞-13¾ per cent; three months 13⅝-13¾ per cent. Approximate selling rate for one-month bank bills 13⅞-13¾ per cent; two months 13¾ per cent; three months 13¾-13⅝ per cent. One month trade bills 14½ per cent; two months 14 per cent; three months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from February 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.5173 per cent. Certificates of Tax Deposits (Series 5) 14¼ per cent from February 16. Deposits withdrawn for cash 11 per cent.

GOLD

Firmer trend

Gold rose $2½ to $363¼-364¼ in the London bullion market yesterday. It opened at $362¾-363½ and was fixed at $362.75 in the morning and afternoon. Gold touched a low point of $361¼-362¼, and a peak of $364¾-365¾.

In Paris the 12½ kilo gold bar was fixed at FFr 70,100 per kilo ($362.21 per ounce) in the afternoon, compared with FFr 70,200 ($362.54) in the morning, and FFr 70,100 ($362.39) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,550 per kilo ($362.99 per ounce), against DM 27,440 ($361.99) previously, and closed at $362¾-363½ from $360½-361½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $362.50 per ounce, against $360 on Tuesday.

In Zurich gold finished at $362-365, compared with $359-$362.

	Feb. 24		Feb. 23	
Gold Bullion (fine ounce)				
Close	$363¼-364¼	(£198¾-199¼)	$361-362	(£197-197½)
Opening	$362¾-363½	(£197¾-198¼)	$361¾-362½	(£197½-198)
Morning fixing	$362.75	(£198.339)	$362.20	(£197.658)
Afternoon fixing	$362.75	(£198.338)	$361	(£196.483)
Gold Coins				
Krugerrand	$374-375	(£204½-205)	$371-372	(£203¼-203¾)
½ Krugerrand	$194-195	(£106-106½)	$192-193	(£104¾-105¼)
¼ Krugerrand	$99½-100½	(£54½-55)	$98½-99½	(£53½-54)
1/10 Krugerrand	$40-41	(£21¾-22½)	$40-41	(£21¾-22½)
Mapleleaf	$375-376	(£205-205½)	$372-373	(£203-203½)
New Sovereigns	$88¼-89¼	(£48¼-48¾)	$88-89	(£48-48½)
King Sovereigns	$104-106	(£57-58)	$104-106	(£57-58)
Victoria Sovs.	$104-106	(£57-58)	$104-106	(£57-58)
French 20s	$92-98	(£50½-53½)	$92-98	(£50½-53½)
50 pesos Mexico	$450-455	(£245¼-247¼)	$447-449	(£244-245)
100 Cor. Austria	$353½-356	(£193½-194½)	$350½-353	(£191¼-192¾)
$20 Eagles	$497-502	(£271¾-274¼)	$495-502	(£270¼-273¼)

APPOINTMENTS

Group chief executive for Fairey Holdings

Mr Derek Kingsbury has been appointed group chief executive of FAIREY HOLDINGS from April 5 and chairman of the *group subsidiaries*, Fairey Automation, Fairey Engineering, Fairey Hydraulics, Fairey Marine, Fairey Nuclear, Fairey Winches and the Fairey filtration division. He is joining the group from the Dowty Group which he joined in 1976 as a director and deputy chief executive. In 1979 he was appointed chairman and managing director of the Ultra Electronic Holdings Group and chairman of its main subsidiaries *following Dowty's acquisition of* Ultra Electronic Holdings in 1977. Since last year Mr Kingsbury has been a non-executive director of Vickers. A member of the CBI council, Mr Kingsbury is also chairman of the CBI overseas committee.

★

Mr George Uthlaut has been *appointed managing director* responsible for ESSO PETROLEUM COMPANY'S exploration and production division. Mr David Clayman is to become an executive director from March 1. Mr Uthlaut joined the Exxon organisation in 1957 and held various assignments in technical and management positions in Exxon U.S. before being appointed president Exxon Pipeline Company in 1977. In 1981 he moved to London as production manager. Esso Europe Incorporated. Mr Uthlaut replaces Mr R. A. Bray who has resigned to take up an appointment in the U.S. Mr Clayman is currently supply manager, Esso Europe Incorporated. In 1981 he returned to the UK after a two-year assignment in New York where he had been executive assistant to the chairman, Exxon Corporation. As executive director, Mr Clayman will have responsibility for supply, refining and shipping operations.

★

Mr Alan Nelson, Turner and Newall's corporate general manager, planning, has been appointed finance director of its subsidiary TBA INDUSTRIAL PRODUCTS. Mr W. H. Birnage, general manager of T&N's *subsidiary Flexitallic*, has been appointed a director of that company. Both appointments are from March 1.

★

Mr Nicholas Beresford-Jones is resigning from the board of Samuel Montagu and Co. and as joint managing director of Midland Montagu Asia from February 28, and will be joining ITALIAN INTERNATIONAL BANK from that date as senior manager responsible for the Far East and Australasia. Italian International Bank is a wholly-owned subsidiary of the Monte dei Paschi di Siena Banking Group.

★

Mr John Taylor has been appointed sales director of GV STEEL DOORS, Crawley. He is managing director of Gayle (Engineering), a post he will retain.

★

G. D. SEARLE AND CO., High Wycombe, has appointed Dr Arthur J. Hale as vice president, scientific affairs, of its research and development division. He is responsible for establishing close *relationships* between Searle *and* universities and research institutes worldwide, including the licensing and outlicensing of potential new products. Dr Brian Richards has been appointed vice president, pre-clinical research and development in the UK.

★

Mr Roger Davies, currently *managing director of Thomson* Holidays, will take up the new post of managing director of THOMSON TRAVEL. Mr John MacNeill becomes managing director of THOMSON HOLIDAYS in succession to Mr Davies. Mr Derek Davison, currently managing director of Britannia Airways, assumes the title of chairman and chief executive.

★

Mr J. J. Richardson has been appointed managing director of the Yorkshire region and to the board of the BIBA insurance *broking company*, BOLTON CORDER.

★

Mr G. A. Whittaker has resigned as a director of the GUINNESS PEAT GROUP. The group says it is consolidating its interests in pharmaceutical manufacturing, chemical trading and general merchanting, which were part of his responsibilities.

★

SAMUEL MONTAGU INTERNATIONAL *has appointed* Mr Dennis Adams, Mr Ronald Bessell, Mr Douglas Bull, Mr Ian Cox, Mr Amir Ellon, Mr Bernard Jolles, Mr John Kibble, Mr Paul Manley, Mr Terence Simonian and Mr Nigel Tapley as directors.

★

At the McCORQUODALE GROUP Mr Kevin Flanagan has been appointed a director of McCorquodale Colour Display (Manufacturing); Mr David Holland a director of McCorquodale Books; Mr Alan Todd a director of McCorquodale Books, managing director of McCorquodale Text Processing, and the MBL director responsible for McCorquodale Punch Cards; while Mr Malcolm Bacon remains managing director of McCorquodale Punch Cards.

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INTERNATIONAL COMPANIES and FINANCE

Chrysler sees profit of $150m this year

By Our Financial Staff

CHRYSLER, the ailing number three U.S. car producer which is expected to report a 1981 loss of around $500m, is predicting a $150m profit for the current year, provided interest rates and other economic factors work in its favour.

Mr Lee Iacocca, its chairman, expressed a "hope" at a dealers convention in Atlanta to end the year with a profit of $150m, but Chrysler confirmed that this prediction was included in its December report to the Federal Government's Chrysler Loan Guarantee Board.

Mr Iacocca said last week that a loss of "in the region" of $50m would be reported for its final 1981 quarter, which would take its total net loss for the year to $500m, double the figure forecast at the beginning of 1981.

Although it returned a profit of $11.6m for its second quarter, the sharp downturn in the U.S. car market destroyed its hopes for the year. In 1980 it reported a $1.7bn loss, a record for any company.

Test rule for capital markets

By Our New York Staff

A CONTROVERSIAL rule designed to facilitate access to the U.S. capital markets was approved for a nine-month test by the Securities and Exchange Commission yesterday.

Known as Rule 462 (A), it will allow frequent borrowers to file a "shelf" registration with the SEC which would be valid for several new securities issues. Currently, borrowers have to file separately for each issue, which is costly and time-consuming.

Although welcomed by borrowers and some stockbrokers, the move has met with heated opposition from investment bankers who claim it could disrupt the markets.

British operation pushes U.S. Hoover into the red

BY OUR NEW YORK STAFF

HOOVER, the large U.S. manufacturer of household appliances, last year incurred a loss of $18.8m, primarily because of huge costs sustained in the UK where it is trying to reshape its major foreign subsidiary.

The British loss amounted to the equivalent of $1.55 a share, slightly more than the consolidated loss which was equivalent to $1.53 a share. The company's UK operation has been under intense foreign competitive pressure on the British market, and has also suffered a cut in export competitiveness because of high UK manufacturing costs and the strength of sterling.

Hoover is in the process of cutting back its British operation and shifting some manufacturing to the Continent.

Mr Merle Rawson, chairman and chief executive, said 1981 had been a year of generally poor demand, though sales gains were made in a handful of countries. In the U.S., Hoover's biggest market, sales were down only slightly, but profits failed to keep pace with those earned in 1980.

Total sales were $749.9m, down from $830.5m in 1980. The year's loss compared with a profit of $25.3m for 1980. It included a $15.7m loss in the final quarter, against a profit of $3.6m in 1980.

Mr Rawson said: "Forecasts of an economic recovery in the western world continue to be postponed by the financial soothsayers. However, we are not waiting for any such upturn to implement our plans for a return to profitability. We have begun our trip back with the new vacuum cleaner and washing machine lines already introduced and we have scheduled still more unveilings throughout 1982."

The business revival, when it comes, he declared, will simply mean a "speedier recovery for us."

Philip Morris raises dividend

BY OUR FINANCIAL STAFF

AN INCREASE in quarterly dividend from 50 cents to 60 cents a share for the first three months of fiscal 1982 from Philip Morris, second largest in the U.S. cigarette industry, confirms the confidence expressed a month ago when record results for 1981 were announced.

Philip Morris, owner of the Marlboro cigarette brand, as well as of the Seven-Up soft drink, and of Miller Brewing, turned in earnings of $676.7m for 1981, a gain of 17.2 per cent. For the current year Wall Street analysts have predicted a further rise of around 20 per cent.

The quarterly dividend was increased from 40 cents to 50 cents a share in the first quarter of 1981. The higher cash dividend will be well received by the major investment institutions, which hold about 65 per cent of the Morris equity.

Long-term growth is expected to continue, aided by further penetration of the cigarette market both at home and abroad, a policy strengthened by last year's acquisition for $350m of 50 per cent of the equity of Rothmans Tobacco Holdings, lifting the Morris stake in Rothmans International to around 22 per cent.

National Semiconductor setback

BY LOUISE KEHOE IN SAN FRANCISCO

NATIONAL SEMICONDUCTOR, the California-based microchip manufacturer, expects to report its first quarterly loss in 15 years in the third quarter ending March 7.

National's position reflects that of the entire U.S. semiconductor industry, where earnings have been sharply reduced by a worldwide market weakness and by increasing Japanese competition.

National did not reveal the size of the expected loss but it could be as high as $12m or 50 cents a share. The company expects sales to be down slightly from the $255m reported in the second quarter.

National has managed to remain marginally profitable for the last six months but in the current quarter—traditionally the weakest of the year—sales have been affected by the two-week shutdown over Christmas and the New Year.

In the first half of fiscal 1982, National's net earnings were $1.3m or 6 cents a share on sales of $581m. Earnings included an insurance payment of $2.8m and compared with $1.44 a share for the comparable period.

Sharp rise in Abitibi-Price earnings

By Robert Gibbens in Montreal

ABITIBI-PRICE, the world's largest newsprint producer and owned since last year by Olympia and York Developments, earned C$124m (U.S.$103.3m) or C$5.57 a share last year, against C$84m or C$3.94 a share in 1980. The company has been affected less by the North American recession than most, because its operations in timber and packaging are relatively small.

Sales increased from C$1.3bn to C$1.7bn. Fourth quarter profits were C$33m, against C$31m previously.

Abitibi suffered at the beginning of the year from the effects of strikes at several mills, as well as from the decline in the North American construction market, a major source of profits for the company.

But higher prices for newsprint was expected to give a boost to earnings towards the end of the period, and the pulp and paper operations were also showing better form.

The equity of Abitibi was acquired 12 months ago by Olympia and York, a real estate and property group controlled by the Reichman family, for U.S.$500m.

Record result for Moore

By Our Montreal Correspondent

MOORE CORPORATION, the world's largest producer of business forms, earned a record U.S.$115.4m or $4.12 a share in 1981, against $111.9m or $3.99 a share a year earlier. Sales were $1.9bn against $1.8bn. Fourth quarter profits equalled $1.15 a share, against $1.22 previously, mainly due to the recession and rising costs.

World Bank to issue $250m Eurobond

BY ALAN FRIEDMAN

THE WORLD BANK returned to the Eurobond market yesterday with a $250m six-year offer at 15¼ per cent. Deutsche Bank, the lead manager, has set the price at 99½ to yield 15.38 per cent and last night there seemed to be reasonable interest, particularly among central banks.

There were rumours in the market that the issue might be increased by another $150m to $200m if it goes well. Meanwhile, some investors were abandoning the lower quality offerings of this week to turn to World Bank and other issues.

This week's rush of new Eurodollar bonds continues briskly, with a $75m seven-year 15½ per cent offer for the Province of Nova Scotia. The issue is priced at par through UBS and is a bullet.

A $50m six-year bond is out for Burroughs Corporation, the computer group. The coupon is indicated at 15½ per cent and Kidder Peabody is lead manager.

From Australia comes an interesting minnow-sized issue, a $30m five-year offer for the Australian Resources Development Bank. This is not the world's best known borrower, but it is offering a discounted price at 93½ and a 13½ per cent coupon to yield 15.6 per cent.

The borrower hopes to increase its issue to $100 within the next year and has stipulated a call at 101 after four years. SBC is leading the offer.

In the secondary market, Eurodollar bond prices were mixed yesterday, but zero coupon bonds were being actively traded. The recent Gulf zero paper, priced at 25.82 per cent, rose ⅜ point yesterday from 25½ to 25⅞ per cent. The zero coupon trading appears to be attracting both retail and institutional investors and not just in Japan or on the Continent but also in London.

Citicorp's 15½ per cent paper is starting to pick up interest after a slow start, but Occidental Petroleum's 16⅞ per cent issue may take a while longer before it makes the grade.

Mexico's 17½ per cent rollover paper, having attracted the bankers with a desire for three-year money, was quoted yesterday at a discount of ½ point bid.

Austrian company draws second DM 100m credit

BY DUNCAN CAMPBELL-SMITH

THE AUSTRIAN state-owned holding company, Oesterreichische Industrieverwaltungs, proceeded with the second tranche of the DM 200m credit launched late last year, with a small group of Austrian banks. The terms are unchanged, raising the second DM 100m for 10 years at ⅝ per cent over London interbank offered rate. Lead manager Girozentrale und Bank der Oesterreichischen Sparkassen this time heads a small international group of banks on a similar club basis.

The growing accessability of the domestic Dutch guilder market is suggested again by a private deal offering Fl 100m for 10 years at a fixed rate to the Inter-American Development Bank. Algemene Bank Nederland is leading a small Dutch syndicate.

The state-owned Mexican bank, Banco Nacional de Comercio Exterior, is borrowing £31.3m from N. M. Rothschild, Paribas and Creditanstalt-Bankverein. It is a five-year sterling loan guaranteed by the Export Credits Guarantee Department.

Hoechst to retain 51% of Roussel

By Our Financial Staff

HOECHST, the West German chemicals group, is to retain a controlling shareholding of at least 51 per cent in Roussel-Uclaf, its French pharmaceuticals subsidiary, under an agreement announced yesterday with the French Government.

The French Government is to own a 33 per cent blocking minority in Roussel and will in future account for half the seats on Roussel's 12-man board.

The Franco-German agreement ends five months of negotiations over the "nationalisation" of Roussel, one of three foreign-owned companies targeted for state takeover. The others are the French operations of ITT of the U.S. and the French-American computer company, CII-Honeywell Bull.

The French Government will increase its stake in Roussel to a level which will allow Hoechst and the Government to share in running the company, which is the third largest pharmaceuticals group in France, it was stated yesterday.

The French Industry Ministry said last night that the increase in the Government stake in Roussel would be achieved "progressively," through capital increases, buying on the open market, or acquiring some Hoechst shares.

On the research side, the Government says the deal has been inspired by the desire to build up the best co-operation possible in this sector. Hoechst has promised to invest in new laboratory facilities in France, while Roussel will have access to the West German group's work on bio-technology in the U.S.

Further ventures could be developed later between Hoechst and the French state, and a government stake in Hoechst's other, wholly-owned chemicals activities in France—sales of FFr 3bn ($500m) are expected this year — could follow.

NORTH AMERICAN QUARTERLY RESULTS

BELL & HOWELL

	1981 $	1980 $
Fourth quarter		
Revenue	193.9m	183.0m
Net profits*	7.76m	6.97m
Net per share*	1.37	1.24
Year		
Revenue	701.5m	640.0m
Net profits*	17.3m	18.9m
Net per share*	3.06	3.36

* Operating

BENEFICIAL CORPN.

	1981 $	1980 $
Fourth quarter		
Net profits*	7.6m	23.6m
Net per share*	0.14	0.87
Year		
Net profits*	38.9m	98.1m
Net per share*	0.97	3.63

*Operating

CARNATION CO.

	1981 $	1980 $
Fourth quarter		
Revenue	863.0m	876.0m
Net profits	43.69m	40.48m
Net per share	1.16	1.09
Year		
Revenue	3.35bn	3.24bn
Net profits	172.28m	151.93m
Net per share	4.67	4.08

EDISON BROS. STORES

	1981 $	1980 $
Fourth quarter		
Revenue	277.4m	260.6m
Net profits	15.6m	17.8m
Net per share	1.37	1.54
Year		
Revenue	951.4m	853.4m
Net profits	43.7m	42.5m
Net per share	3.84	3.68

FABERGE

	1981 $	1980 $
Fourth quarter		
Revenue	67.3m	64.9m
Net profits	305,918	†2.99m
Net per share	0.05	†0.54
Year		
Revenue	264.5m	249.9m
Net profits	5.7m	2.62m
Net per share	1.02	0.47

† Loss

FEDERAL-MOGUL

	1981 $	1980 $
Fourth quarter		
Revenue	194.6m	193.6m
Net profits	7.6m	8.5m
Net per share	0.59	0.67
Year		
Revenue	832.7m	721.2m
Net profits	36.2m	38.7m
Net per share	2.82	2.88

FOSTER-WHEELER

	1981 $	1980 $
Fourth quarter		
Revenue	449.7m	435.8m
Net profits	21.73m	18.55m
Net per share	0.63	0.54
Year		
Revenue	1.67bn	1.56bn
Net profits	64.3m	59.36m
Net per share	1.87	1.74

IU INTERNATIONAL

	1981 $	1980 $
Fourth quarter		
Revenue	580.2m	590.1m
Net profits*	17.2m	21.6m
Net per share*	0.77	0.97
Year		
Revenue	2.32bn	2.26bn
Net profits*	63.1m	76.1m
Net per share*	2.81	2.72

* Operating

HARNISCHFEGER

	1981 $	1980 $
First quarter		
Revenue	143.0m	164.0m
Net profits	280,000	2.3m
Net per share	0.01	0.25

KELLOGG CO.

	1981 $	1980 $
Fourth quarter		
Revenue	546.9m	537.5m
Net profits	36.7m	34.0m
Net per share	0.48	0.45
Year		
Revenue	2.32bn	2.15bn
Net profits	205.4m	184.0m
Net per share	2.69	2.41

M. LOWENSTEIN

	1981 $	1980 $
Fourth quarter		
Revenue	164.8m	167.2m
Net profits	5.24m	2.81m
Net per share	1.57	0.58
Year		
Revenue	601.3m	620.5m
Net profits	17.39m	4.87m
Net per share	5.22	1.47

LUBRIZOIL

	1981 $	1980 $
Fourth quarter		
Revenue	231.7m	208.2m
Net profits	17.94m	24.73m
Net per share	0.46	0.64
Year		
Revenue	899.2m	922.7m
Net profits	92.03m	111.51m
Net per share	2.36	2.87

R. H. MACY

	1981 $	1980 $
Second quarter		
Revenue	935.5m	847.0m
Net profits	62.3m	59.31m
Net per share	3.78	3.67
Six months		
Revenue	1.64bn	1.47bn
Net profits	86.81m	82.35m
Net per share	5.27	5.10

OVERSEAS SHIPHOLDING

	1981 $	1980 $
Fourth quarter		
Revenue	102.8m	78.5m
Net profits	14.78m	18.33m
Net per share	0.58	0.71
Year		
Revenue	368.0m	304.8m
Net profits	88.47m	79.06m
Net per share	3.43	3.06

REXNORD

	1981-82 $	1980-81 $
First quarter		
Revenue	238.7m	257.8m
Net profits	1.14m	7.9m
Net per share	0.06	0.39

RICHMOND TANK CAR

	1981 $	1980 $
Year		
Revenue	187.4m	237.7m
Net profits	5.81m	20.22m
Net per share	0.57	3.23

ROLLINS BURDICK

	1981 $	1980 $
Fourth quarter		
Revenue	17.2m	16.8m
Net profits	956,623	1.8m
Net per share	0.20	0.40
Year		
Revenue	76.8m	72.6m
Net profits	7.0m	9.4m
Net per share	1.60	2.12

SAFEWAY STORES

	1981 $	1980 $
Fourth quarter		
Revenue	5.27bn	5.0bn
Net profits	47.6m	41.9m
Net per share	1.82	1.60
Year		
Revenue	16.58bn	15.1bn
Net profits	114.6m	118.4m
Net per share	4.39	4.57

SANDERS ASSOCIATES

	1981-82 $	1980-81 $
Second quarter		
Revenue	108.9m	81.2m
Net profits	6.9m	5.7m
Net per share	0.86	0.71
Six months		
Revenue	202.7m	158.5m
Net profits	11.5m	9.4m
Net per share	1.44	1.19

SOUTHLAND CORPN.

	1981 $	1980 $
Fourth quarter		
Revenue	1.52bn	1.25bn
Net profits	23.0m	19.5m
Net per share	0.97	0.83
Year		
Revenue	5.73bn	4.78bn
Net profits	94.2m	76.1m
Net per share	3.98	3.22

TAMPAX

	1981 $	1980 $
Fourth quarter		
Revenue	57.47m	48.32m
Net profits	10.96m	6.74m
Year		
Revenue	232.88m	202.83m
Net profits	42.16m	36.32m
Net per share	3.74	3.22

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16.

Closing prices on February 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16¾ 88	100	102½	103	0	+0⅛	15.74
APS Fin. Co. 17¾ 86	60	104⅛	104⅝	+0⅛	+0⅞	15.72
APS Fin. Co. 16⅛ 89	75	99⅞	100⅛	−0⅞	0	16.20
Armco O/S Fin. 15¾ 86	50	99	99½	0	+0⅛	15.55
Bank Montreal 16⅛ 91	150	100⅝	101⅛	+0⅛	+1⅛	16.02
Br. Colum. Hyd. 16⅝ 88	100	101⅞	102⅞	0	+1⅛	15.71
Br. Colum. Mfs. 17 97	54	103⅛	103⅞	−0⅞	+0⅞	16.30
Can. Nat. Rail 14¾ 91	100	94½	95	0	+1⅞	15.67
Caterpillar Fin. 16½ 88	100	102½	103	0	+0⅛	15.55
CFMP 16⅞ 96	100	101⅝	102⅛	−0⅛	+0⅛	16.36
CIBC 16⅝ 91	100	102½	103	+0⅛	+1⅛	16.11
Citicorp O/S 16⅛ 86	150	103	103½	+0⅛	+0½	15.63
Cities Service 17 88	150	103⅛	103⅝	−0⅞	+0⅞	16.05
Cons.-Bathurst 17¼ 88	60	102⅜	102⅞	−0⅛	+0⅛	16.75
Dupont O/S 14½ 88	400	98⅛	98⅝	+0⅛	+1⅞	14.82
Dupont O/S Cap. 0.0 90	300	34	34½	0	0	14.38
EIB 16¾ 91	100	102⅛	102⅝	−0⅛	+1⅛	16.19
Gen. Elec. Credit 0.0 92	400	27⅝	28⅛	−0⅛	−1⅞	13.40
Gen. Elec. Credit 0.0 93	400	24⅝	25⅛	−0⅛	+0⅛	12.80
GMAC O/S Fin. 16½ 84	300	101⅛	101⅝	+0⅛	+0⅛	15.71
GMAC O/S Fin. 16 88	150	97⅞	98⅛	0	−0⅛	16.58
Gulf States O/S 17½ 88	60	103⅝	104⅛	0	+0⅛	16.41
Japan Airlines 15⅞ 88	50	99⅞	100⅛	−0⅛	+0½	15.17
Nat. Bk. Canada 16½ 88	40	100⅛	100⅞	−0⅛	+1	17.02
Nat. West 14¾ 91	100	96⅛	96⅝	−0⅛	+1⅛	15.41
New Brunswick 17 88	60	104⅛	105⅛	0	+0⅞	15.66
New & Lab. Hy. 17⅛ 89	75	103½	104	0	+0½	16.30
Ohio Edison Fin. 17½ 88	75	103⅝	104⅛	−0⅛	+0½	16.39
OKG 15¾ 97	50	98	98½	+0⅛	+1	16.02
Ontario Hyd. 16 91 (N)	200	101⅛	101⅞	−0⅛	+1⅛	15.62
Pac. Gas & El. 15⅞ 89	80	99½	100	+0⅛	+0½	15.78
J. C. Penney Gl. 0.0 94	350	20	20½	0	0	11.11
Quebec Hydro 17⅛ 91	150	105	105½	+0⅛	+1⅛	16.06
Quebec Prov. 15⅝ 89	150	95½	96	+0⅛	+1⅛	16.21
Saskatchewan 16⅛ 88	100	101⅞	101⅞	0	+1	15.81
Statsforetag 15⅜ 87	50	98⅛	98⅝	+0⅛	+0⅛	16.22
Sweden 14½ 88	150	94	94½	+0⅛	+1⅛	15.90
Swed. Ex. Cred. 16½ 93	75	100⅞	101⅞	+0⅛	+0⅛	16.26
Texas Eastern 15⅞ 88	75	98⅞	99⅞	0	+0⅛	16.08
Transcanada 17⅜ 88	75	106	106½	−0⅛	+0⅛	16.06
Transcanada 16 89	100	98⅛	98⅝	−0⅛	+0⅛	16.30
Winnepeg 17 86	50	104⅛	104⅝	−0⅛	+0⅛	15.48
WMC Fin. 15½ 88	50	96⅛	96⅝	−0⅛	+0⅛	16.34
World Bank 16½ 86	130	103	103½	+0⅛	+1	15.37
World Bank 16½ 88	100	102⅝	103⅛	−0⅛	+1⅛	15.70

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9½ 91	300	98⅛	98⅞	−0⅛	0	9.59
Belgelectric 11 91	100	100⅝	101⅛	0	+0⅛	10.80
CECA 10 91	120	100⅜	101⅛	+0⅛	+1	9.83
Coun. of Europe 10 91	100	99½	100⅛	0	0	10.01
Coun. of Europe 10⅛ 91	100	100⅞	101⅛	+0⅛	+0⅞	10.02
EEC 10⅛ 93	100	100⅛	100⅝	+0⅛	0	10.05
EIB 10½ 91	200	102⅛	103	−0⅛	+0⅛	10.04
EIB 9⅞ 88	60	99⅛	99⅝	+0⅛	0	9.86
Finland, Rep. of 10½ 86	100	100⅝	101⅛	0	0	10.19
Inter-American 10 91	100	100⅛	100⅞	+0⅛	+0⅛	9.91
Inter-American 10⅛ 91	100	100⅝	101⅛	0	0	10.07
Ireland 10⅛ 86	100	99⅞	100⅞	+0⅛	+0⅛	10.00
Mexico 11 88	100	100⅛	101⅛	−0½	−0½	10.82
Midland Int. Fin. 8½ 90	150	93⅛	94	+0⅛	−0⅛	9.60
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅛	−0⅛	+0⅛	10.46
Nat. West. 9⅞ 92	100	100	100⅛	−0⅛	+0⅛	9.85
New Zealand 9⅝ 89	200	100⅛	100⅞	−0⅛	+0⅛	9.64
OKB 10⅛ 91	150	100⅛	100⅝	+0⅛	+0⅞	10.02
OKB 9⅛ 86	150	98⅞	99⅜	+0⅛	0	9.92
Quebec Hydro 10⅛ 91	150	101⅛	102⅛	+0⅛	+0⅛	9.91
Swed. Ex. Cred. 10⅛ 91	100	99⅝	100	0	+0⅛	10.29
Venezuela 11½ 91	100	99⅝	100⅛	−0⅛	0	11.50
World Bank 10 91	250	100½	101⅛	−0⅛	−0⅛	9.84

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	100⅞	101⅛	+0⅛	+1⅛	7.35
Asian Dev. Bank 8 90	80	100⅞	101⅞	0	+1	7.83
Australia 6⅞ 93	100	101	101⅛	−0⅞	+0½	6.61
Belgelectric 7½ 91	80	100	100⅛	0	+0⅛	7.48
Bell Canada 7⅛ 93	100	102⅞	103⅛	+0⅛	+0⅛	6.85
Bet. de Autopistas 8 90	50	99	99⅛	−0⅛	+0½	8.14
Denmark 7⅛ 91	100	96⅞	97⅛	0	+0⅛	7.89
Dome Petroleum 7⅛ 90	100	100	100½	−0⅛	−0⅞	7.22
EIB 7⅛ 92	100	†98	98½	0	+0⅛	7.50
Elet. de France 7 92	100	97⅞	98⅛	−0⅛	−0½	7.29
ENEL 8 92	44	98½	99⅛	+0⅛	+0½	8.21
Genstar 7 91	100	100	100⅛	+0½	−0⅛	6.98
I/S Elsam 8½ 91	60	102½	102⅛	−0⅛	−0⅛	8.09
Japan Air Lines 7⅛ 91	100	102	102⅛	−0⅛	−0⅛	6.94
Neder. Gasunie 8 91	100	105⅝	107⅛	−0⅞	+1⅛	7.15
Nippon T. and T. 6⅝ 92	100	99½	99⅝	−0⅛	+0⅛	6.73
OKB 7⅛ 91	100	98⅛	98⅝	−0⅛	−0⅛	7.50
Oslo, City of 8 91	100	103⅛	103⅞	−0⅛	−0⅞	7.45
Ost. Donaukraft 7 92	100	98⅛	98⅝	−0⅞	+0⅞	7.21
Saint Etienne 8½ 91	20	†104	105	−0⅛	+0⅛	7.81
Swed. Ex. Credit 7⅛ 91	75	95⅛	96	−0⅛	0	7.90
TNT O/S Fin. 8 91	50	†103	103½	−0⅞	0	7.51
Transcanada Pipe. 7 94	100	101⅞	101⅝	0	+0⅞	6.84
Unilever NV 7½ 93	100	104	104⅛	−0⅛	+0⅛	6.97
World Bank 7 90	100	†97	98	−0½	+2⅛	7.42
World Bank 8 91	100	103⅛	103⅞	0	+0⅞	7.47

Average price changes... On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	98⅞	99⅞	0	+0⅛	8.34
Australia 8½ 88	20	90⅞	92⅛	−0⅛	+0⅛	8.32
EIB 7⅞ 89	12	98⅛	98⅝	0	+1⅛	7.98
Finland, Rep. of 8⅜ 87	15	99	100	0	0	8.48
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	0	+0⅛	8.57
New Zealand 8⅞ 87	15	99⅞	100⅞	+0⅛	+0½	8.27

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†97⅛	98⅛	+0⅛	+1	17.34
CIBC 15⅞ 89 C$	75	†94⅛	94⅞	+0⅛	+0½	17.11
Pencanadian 16½ 88 C$	65	†96⅛	97⅛	0	+0⅛	17.23
Quebec 17½ 87 C$	50	†102⅛	102⅝	0	+0⅛	16.71
Queb. Urban 16⅛ 86 C$	20	†100	101	0	+0⅛	16.53
Tordom Cpn. 16½ 88 C$	25	†97	97½	0	0	17.26
Transalta 17 89 C$	50	†98⅛	99⅛	0	+1⅛	17.38
M. Bk. Dnmk. 9 91 EUA	25	88⅛	88	+0⅛	+0⅞	11.18
SOFTE 8⅛ 89 EUA	40	78	79⅛	+0⅛	+0⅛	13.02
U. Bk. Nwy. 9½ 90 EUA	18	91⅞	93⅛	+0⅛	+0⅛	10.95
Algemene Bk. 10⅛ 86 Fl	60	98⅛	99⅛	+0⅛	+1	10.60
Amfas Group 12⅛ 86 Fl	40	103	103½	0	+0⅛	11.29
Amro Bank 12 86 Fl	75	101½	102⅛	+0⅛	+0⅛	11.31
Amro Bank 12 86 Fl	80	101⅛	102⅛	0	0	11.39
Heineken NV 10 87 Fl	100	96⅛	96⅝	−0⅛	+0⅛	10.86
Pierson 10⅛ 86 Fl	50	97½	98	0	+0⅛	10.87
Rabobank 12 86 Fl	50	102	102½	+0⅛	+0⅛	11.27
Air France 14⅛ 86 FFr	200	95½	96½	+0⅛	+0⅛	15.84
Bk. America 14½ 86 FFr	250	94⅛	95⅛	+0⅛	0	16.31
Charb'nages 13⅞ 86 FFr	400	95⅛	96⅛	+0⅛	+0⅛	15.38
EIB 14⅛ 88 FFr	300	91⅛	92⅛	+0⅛	+0⅛	16.42
La Redoute 14⅛ 86 FFr	125	92⅛	93⅛	+0⅛	+0⅛	17.09
OKB 14 86 FFr	400	93⅛	94⅛	+0⅛	−0⅛	16.06
Solvay et C. 14⅛ 86 FFr	200	95⅛	96⅛	+0⅛	+0⅛	16.29
Swed. E. Cr. 14⅛ 86 FFr	250	94⅛	95⅛	+0⅛	−0⅛	16.39
U. Mex. Sts. 14 85 FFr	150	92⅛	93⅛	+0⅛	0	16.92
Acona 14 85 £	20	91⅛	92⅛	−0⅛	+0⅛	16.87
Beneficial 14⅛ 90 £	20	85⅛	86⅛	−0⅛	+0⅛	17.43
BNP 13½ 91 £	15	87	88	+0⅛	+1	16.23
CECA 13⅛ 88 £	20	90½	91⅛	0	+1⅛	15.72
Citicorp O/S 13½ 90 £	50	91	92	0	+0⅛	15.42
Fin. Ex. Cred. 13⅛ 86 £	15	92	93	−0⅛	+1⅛	16.37
Gen. Elec. Co. 12½ 89 £	50	87⅛	88⅛	+0⅛	+1⅛	15.49
Hiram Walker 14⅛ 86 £	25	94	95	0	+0⅛	16.13
Privatbanken 14⅛ 88 £	12	91	92⅛	−0⅛	+1⅛	16.76
J. Rothschild 14⅛ 90 £	12	93⅛	94⅛	−0⅛	+1	15.46
Royal Trustco 14 86 £	12	94⅛	95⅛	−0⅛	+0⅛	15.90
Swed. Ex. Cr. 13⅛ 86 £	20	93⅛	94⅛	+0⅛	+1⅛	15.96
Akzo 9⅛ 87 LuxFr	500	88⅛	89⅛	+0⅛	+0⅛	11.97
Euratom 9⅛ 88 LuxFr	500	88	89	0	+0⅛	12.62
Eurofima 10½ 87 LuxFr	500	93⅛	94⅛	+0⅛	+0⅛	12.09
EIB 9⅛ 88 LuxFr	600	89⅛	90⅛	+0⅛	+0⅛	12.14
Volvo 9⅛ 87 LuxFr	500	88⅛	89⅛	+0⅛	+0⅛	12.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 91	0⅛	99⅛	99½	29/4	17.06	17.17
Bank of Tokyo 5⅛ 91	0⅛	100	100½	10/6	13⅛	13.22
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	100⅛	29/4	17.06	17.08
BFCE 5⅛ 88	0⅛	99½	100	26/4	16.94	16.98
BFCE 5⅛ 87	0⅛	99⅞	100⅛	27/7	16⅛	16.27
Christiania Bk. 5½ 91	‡0⅛	99⅛	99⅛	5/5	16	16.08
Co-Ban Eurofin 5½ 91	0⅛	98⅛	98⅛	14/4	16.69	16.86
Den Norske Cred. 5½ 93	0⅛	97⅛	97⅛	4/6	13.56	13.89
Genfinance 5⅛ 92	0⅛	99½	100	30/6	15½	15.54
Giro und Bank 5⅛ 91	‡0⅛	99⅛	99½	23/3	14.06	14.12
GZB 5⅛ 92	‡0⅛	99	99½	5/3	13⅛	13.22
Ind. Bank Japan 5⅛ 88	0⅛	98½	99	9/5	13.31	13.48
Lloyds Eurofin 5⅛ 93	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5⅛ 89	0⅛	99½	99⅞	16/7	15.31	15.37
Midland Int. Fin. 9 91	0⅛	99⅛	100⅛	30/4	17.06	17.08
Nacional Fin. 5⅛ 88	0⅛	†96⅛	97⅛	25/3	17.31	17.85
Nat. Bk. Canada 5⅛ 88	0⅛	99⅛	100⅛	24/3	17.31	17.31
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅛	15/7	15.19	15.28
Nat. West. Fin. 5⅛ 92	§0⅛	99⅛	100⅛	23/4	17	17.02
Nippon Credit 5⅛ 90	0⅛	99⅛	99⅛	10/8	16.06	16.18
Nordic Int. Fin. 5⅛ 91	0⅛	98½	99	6/5	15⅛	15.82
Offshore Mining 5⅛ 91	0⅛	98⅛	98⅛	2/6	13	13.20
Pemex 6 91	0⅛	96⅛	97⅛	8/4	17	17.56
PKbanken 5 91	0⅛	98⅛	99⅛	17/8	14⅛	14.54
Sanwa Int. Fin. 5⅛ 88	0⅛	†99⅛	99⅛	24/3	17⅛	17.31
Scotland Int. 5⅛ 92	0⅛	98⅛	98⅛	23/3	13.94	14.13
Sec. Pacific 5⅛ 91	0⅛	98½	99	24/5	13⅛	13.42
Societe Generale 5⅛ 91	0⅛	98½	99	22/7	15⅛	15.44
Standard Chart. 5⅛ 91	0⅛	98⅛	98⅛	18/5	13.31	13.52
Sumitomo Fin. 5½ 88	0⅛	99⅛	99⅛	9/8	16	16.06
Toronto Domin'n 5⅛ 92	0⅛	99⅛	99⅞	11/8	16⅛	16.44

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	94⅛	95⅛	−0⅛	2.89
Bow Valley Inv. 8 95	4/81	23.12	95	97	+0⅛	47.88
Bridgestone Tire 5½ 96	3/82	470	92⅛	93⅛	+0⅛	−0.98
Canon 6⅛ 95	1/81	829	103⅛	105	−1⅛	1.74
Daiwa Secs. 5½ 96	12/81	513.3	†70	72	0	−5.37
Fujitsu Fanuc 4½ 96	10/81	6770	109⅛	111⅛	−0⅛	7.39
Furukawa Elec. 5⅛ 96	7/81	300	113⅛	114⅛	−0⅛	−5.87
Henson O/S Fin. 9⅛ 96	8/81	2.74	†89	90	−1	91.76
Hitachi Cable 5⅛ 96	2/82	515	102⅛	103⅛	−2⅛	−2.39
Hitachi Cred. Cpn. 5 96	7/81	1773	77½	79½	−0⅛	−0.71
Honda Motor 5½ 97	3/82	841	91⅛	92⅛	−1⅛	1.36
Inchcape 8 95	2/81	4.55	†61⅛	63	0	13.00
Kawasaki 5⅛ 96	9/81	229	68⅛	70⅛	−0½	−2.08
Marui 6 96	7/81	931	101	102½	−1½	3.52
Minolta Camera 5 96	10/81	909	66½	68	−1⅛	2.90
Minorco 9⅛ 97	5/82	8.16	93⅛	94⅛	−0⅛	8.50
Murata 5⅛ 96	7/81	2790	70	71⅛	−4⅛	1.30
NKK 6½ 96	7/81	188	81⅛	83⅛	−1⅛	−16.70
Nippon Chemi-C. 5 91	10/81	919	68½	70½	−1½	1.46
Nippon Electric 5⅛ 97	2/82	846	100	101	−0⅛	2.15
Orient Finance 5⅛ 97	3/82	1567	93⅛	94⅛	−0½	6.96
Sanyo Electric 5 96	10/81	652	76⅛	76⅛	−1⅛	3.19
Sumitomo Met. 5⅛ 96	10/81	305	69⅛	71⅛	−1⅛	−0.46
Swiss Bk. Cpn. 6⅛ 90	9/80	191	72	74	+0⅛	18.55
Konishiroku 6 90 DM	2/82	585	103⅛	104⅛	−3⅛	−6.35
Mitsubishi H. 6 89 DM	2/82	263	97⅛	98⅛	−0⅛	4.38

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Istanbul's great money lending bubble has burst. Metin Munir reports

Painful lesson for Turkish savers

MR CEMAL MULAZIMOGLU had always wanted to go into real estate. Last year, at the age of 45, he retired from the teaching profession and used his 500,000 Turkish lira (£1,956) severance pay to open a real estate office in Ankara.

He could not have chosen a worse time. The real estate business in Turkey was going through one of its most difficult patches as a result of the Government's tight money policies. He was to discover this in his first three months in business, when not a customer knocked on his door. Mr Mulazimoglu's money started running out. He could have sold out at a loss but he feared for his family's livelihood.

So, as Mr Mulazimoglu reminisces from jail, he decided to change his line of business. He became a "banker" and placed advertisements in newspapers offering 96 per cent net interest on yearly deposits, 46 per cent higher than conventional banks. Soon, his business was booming. In four months, he collected 100m Turkish lira (£388,000). He moved into a plush office, bought two flats and colour television sets (in spite of the fact that Turkish television broadcasts only in black and white).

"Then one day, the dam burst," says Mr. Mulazimoglu. Last month, he was mobbed by his customers, who demanded their money back, and arrested.

"Banker" in Turkish is a euphemism for moneylender, an activity which really took off after July 1980, when the Government gave banks freedom to determine deposit interest rates.

The move, which was a part of the economic austerity programme, was intended to attract consumer funds away from the marketplace and control an increasing inflation rate, running at 100 per cent.

It succeeded—perhaps too well. In less than one year, banks raised rates available on saving deposits from 12 to 50 per cent annually. The cost of short-term commercial loans shot up from 25 to 85 per cent. The inflation-fuelled national shopping spree halted to be replaced by an unprecedented decline in consumer demand.

Money, which had traditionally been the cheapest and most abundant factor in production, almost overnight became the scarcest and most expensive. The outcome was a monetary earthquake, which is probably the severest blow yet to the 16-month-old military regime. It is still rocking the Turkish economy and is likely to engulf many businesses, big and small, before it stops.

"We found ourselves out in the open in winter wearing summer clothes," says Mr Rahmi Koc, a leading Turkish industrialist, describing the economic sensation.

Many others found themselves in the same situation with no clothes on at all and it was apparently their screams which brought the moneylenders short-lived success. The scream was for money at any price and came from businesses so close to financial collapse, that no bank or broker would lend them money.

Suddenly last summer, Turkish newspapers were filled with page-long "banker" advertisements offering up to 144 per cent annual interest payable in monthly instalments. Moneylenders' offices mushroomed in business districts of large cities like Ankara, Istanbul and Izmir. Their founders included a shapely fashion model (now in prison), a group of gangsters, a high school student, and a former waiter at a hamburger bar.

People started selling their dowries, gold, furniture and flats and queued outside moneylenders' offices to deposit their funds in exchange for what later turned out to be worthless pieces of paper. Some even borrowed from the conventional banks to invest with the moneylenders.

It was a gold rush fuelled by greed, gullibility, or the gambling instinct. But probably the most common motive was desperation. Many in the crowds outside the moneylenders' offices were middle-class civil servants, retired people and army officers who were crushed between low salaries and the high cost of living. The majority probably did not know, or care, about the correlation between risk and high returns or that no business which borrowed at 170 per cent a year could hope to survive. But a few hundred thousand lire at the "banker" fetched twice the average civil servant's salary.

Dusk fell on the market last September when the Government, probably afraid of the proportions the market had attained, decided to introduce legislation to control the moneylenders. Mr Kaya Erdem, the Minister of Finance, said: "Those who have invested their money with the bankers have gambled." Some big brokerage firms and banks which were becoming irritated with the moneylenders' competition joined in the attack, which last month brought the "bankers" to their knees.

Crowds again developed outside moneylenders' offices, this time to demand their money back. But very few "bankers" were in. Once the money *stopped pouring in*, there was no way they could service their debts. Two brokers committed suicide. One in Izmir was nearly lynched by his depositors. Angry crowds set fire to one moneylender's office in Ankara. Many disappeared or, like Mr Mulazimoglu, who calculates that he will be sentenced to 600 years in jail (four months for each of his 1,800 cheques which bounced), were arrested. Others declared bankruptcy.

From the screams of agony, one could deduce that half of the staff of the Central Bank, the Ministry of Finance and many Turkish diplomats had invested in the "bankers." In one state-owned bank, nearly all the staff had borrowed from the bank at concessionary rates and gone to moneylenders.

Even now that the market has virtually completely collapsed, nobody, including the Ministry *of Finance, knows the extent* of the damage. Nobody knows how many moneylenders there had been, how much money they collected or where this money went. The estimates vary between the equivalent of $40m and $180m.

Probably the only consolation to be drawn from the moneylenders' collapse is that it has taught the Turkish public a lesson in investment it will not forget.

Alusuisse drops into the red

BY JOHN WICKS IN ZURICH

ALUSUISSE, THE Swiss aluminium producer which ranks as the sixth largest in the world, has dropped into the red for 1981 and is being forced to halve its dividend.

Weak demand and low aluminium prices have pushed the company into losses of SwFr 52.2m ($28m), against a profit of SwFr 135.2m in 1980. The dividend is going down from 10 per cent to 5 per cent.

This is the first time the profit-and-loss account has been in the red since 1975, when there was a loss of SwFr 31m. Cash-flow for the year sank from SwFr 548.7m to SwFr 359.4m, despite extraordinary income of SwFr 75m. Depreciation was SwFr 411.7m, almost exactly in line with 1980.

Turnover fell slightly short of the 1980 record, dropping from SwFr 6.9bn to SwFr 6.59bn. This was largely the result of the sharp fall in aluminium prices last year. In 1980 the aluminium division accounted for about 70 per cent of total sales.

Last November, Alusuisse said it expected "substantially *lower profits*" at both parent company and group levels.

Positive results achieved by the chemicals and engineering divisions, and the U.S. car parts subsidiary, Maremont, were insufficient to compensate for a sudden deterioration in aluminium business.

Norwegian shipping line suffers steep setback

BY FAY GJESTER IN OSLO

LEIF Høegh, one of Norway's leading shipping groups, reports a steep fall in 1981 operating income to NKr 467m ($77.8m) from NKr 524m and says that 1982 promises "no significant improvement" in profitability.

The setback is steeper than expected. At the half-year the group forecast a 12-month result of NKr 500m, before depreciation and interest costs.

The company blames the decline on "difficult market conditions for oil/dry cargo tonnage, coupled with the winding up of a container line. Another "negative contribution" was made by two recently acquired cruise vessels. In contrast, improved results were shown by the car and LNG/LPG carriers.

Høegh, which is a managing company operating vessels on behalf of ship holding companies and a number of Norwegian and foreign investors, says the liquidity of the ship holding companies is good.

The group operates a fleet of 53 vessels totalling 2.27m dwt, including 11 totalling 400,000 dwt chartered for more than a year. It puts the value of the fleet at NKr 5.25bn at end-1981. Vessels on charter are not included in this figure.

During 1981 two liner ships, three obo—oil/bulk/ore—vessels and one LPG carrier were sold, some of them for future delivery. The group took delivery of eight new ships and orders were placed for two ro-ro—roll-on/roll-off—car carriers plus three general-cargo/container ships.

Ships on order on behalf of Norwegian and foreign investors comprise four ro-ro/car carriers, four paramax/obo ships and three general-cargo/container vessels.

Sales revival helps boost earnings at Saab-Scania

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN GOTHENBERG

SAAB-SCANIA, the Swedish automotive and aerospace group, yesterday reported an increase in pre-tax profit from SKr 970m to SKr 1,052m ($184m) for 1981.

The result improves on the forecast by Mr Sten Gustafsson, the managing director, at the eight-month stage, that it could match the previous year's earnings.

Sales for both trucks and cars were unexpectedly strong in the last four months, which produced earnings of SKr 440m against SKr 287m for the second four months and SKr 325m for the first four months.

The dividend is to be SKr 8 per share, an effective increase of SKr 1.29 a share.

Sales climbed by 16 per cent to SKr 16.2bn ($2.84bn), of which 56 per cent were outside Sweden. Sales of Scania trucks, which had advanced by only 4 per cent during the first eight months, climbed by 11 per cent to SKr 7.3bn for the year as a whole.

Saab cars, which had also raised turnover by only 4 per cent in the eight months, ended the year with a 27 per cent increase to SKr 4.45bn. The profit of the car division is described as "substantially improved."

The truck division, which includes the Swedish agency for Volkswagen and Audi cars, turned in another "good result." Aerospace boosted sales by 31 per cent to SKr 1.4bn and gave a "largely unchanged result."

Pre-tax profits include currency translation gains of SKr 72m. If this is eliminated, earnings are SKr 980m, against SKr 966m. The 1981 figures absorbed SKr 231m in net financial charges, which were SKr 84m up on 1980.

Danish savings bank falls heavily into loss

BY HILARY BARNES IN COPENHAGEN

THE NEED to more than double provisions for bad debts has pushed Denmark's largest savings bank, SDS, heavily into the red for 1981.

Net losses total DKr 180m ($23m) after bad debt provisions up from DKr 158m to DKr 339m. In 1980, the bank returned a net profit of DKr 26m.

The bank made an operating profit of DKr 221m, and after a DKr 290m adjustment for portfolio values, the pre-tax return was DKr 99m against DKr 251m.

Mr Knud Christensen, chief executive, emphasised yesterday that with a ratio of capital running at 10.8 per cent of loans and guarantees the bank "remains very sound."

● OKOBANK, the central bank of the commercial bank organisation in Finland, had a "satisfactory" year in 1981. Mr Seppo Konttinen, the executive president, said the net profit was FM 17.8m ($4m) compared with FM 12.9m in 1980. The dividend payment is 8 per cent.

However, the year was not without its problems, as the economy moved into a recession and the weather ruined the harvest. Farmers are big customers.

Deposits increased by 16.9 per cent and at the end of the year stood at over FM 20bn for the first time. Lending increased by 19.3 per cent. This *put strains on the bank's* liquidity which made it resort to borrowing from the Bank of Finland.

Despite these reverses, the bank raised its share of the deposit market to 23.4 per cent, putting it in third place among Finnish commercial banks. Okobank's liquidity ratio declined from 9.08 per cent in 1980 to 7.73 per cent last year, but was still well above official minimum levels.

The maximum possible *depreciation was made, and* FM 20m was added to the credit loss reserve. Balance sheet total was FM 7.46bn, compared with 6.3bn in 1980.

RSV seeks loan rescheduling

THE DUTCH shipbuilding and engineering group, Rijn-Schelde-Verolme (RSV), is attempting to reschedule government-backed loans totalling Fl 150m ($58m). The company, which has incurred considerable losses in recent years, hopes thereby to improve its financial ratios and attract additional long-term financing.

RSV has begun talks with the Government to delay the repayment of the 9 per cent 10-year loan, which is backed by a guarantee from the National Investment Bank. The loan was taken up in 1977 and had a three-year grace period before repayments start. It was provided by Algemene Bank Nederland, Amsterdam-Rotterdam Bank and the NIB.

The company expects its 1981 loss to be lower than the Fl 28.7m deficit of 1980.

Companies and Markets — INTERNATIONAL COMPANIES and FINANCE

Woodside Petroleum gas sales lift income

By Our Financial Staff

WOODSIDE PETROLEUM, the leading partner in Australia's North-West Shelf liquefied natural gas project, lifted net profits in 1981 to A$1.51m (U.S.$1.65m) from A$1.32m a year earlier.

The company, which announced in January the postponement of the second stage of the project, said its 1981 turnover rose to A$9.84m from A$7.61m while other gross income rose to A$5.65m from A$1.75m.

Higher earnings last year reflected improved sales and prices from Woodside's Cooper Basin interests in the centre of the country.

The net profit resulted after tax of A$2.71m (A$312,000 in 1980), depreciation of A$1.34m (A$1.55m), interest of A$189,000 (A$279,000) and minorities of A$1.47m (A$1.2m).

In 1981 the company drew down A$145.31m from the U.S.$1.4bn syndicated credit it arranged in January, 1981 to finance its 50 per cent share of the North West Shelf project.

The money drawn down helped to finance the first stage of the project, which involves supplying 380m cu ft a day of natural gas to the Western Australia state power commission. Work began early last year and gas supplies should start to flow in late 1984.

The delay in the second phase of the North West Shelf project, which will be geared to exports, has been caused by the protracted and so far inconclusive price negotiations with a group of Japanese utilities. A delay of at least a year is still considered likely by Woodside.

Interest and debt service costs on the company's loans are being capitalised as project expenditures until the start up of commercial operations.

Ampol ahead

Ampol, the Australian resources and industrial company, has lifted its net profits for the six months ended in December by one-third to A$19.19m (U.S.$20.8m) from A$14.39m a year earlier, our Financial Staff reports.

Sales rose to A$421.6m from A$373.34m while other gross income rose to A$126,000 from A$69,000.

Modest advance in net earnings at Asahi Glass

BY OUR FINANCIAL STAFF

ASAHI GLASS, Japan's leading glass maker which also has extensive chemical interests, has reported a modest increase in unconsolidated net profits for the fiscal year ended December.

Net earnings edged up by 1.8 per cent to Y23.68bn ($101m) from Y23.25bn a year earlier, in sharp contrast to the 35 per cent growth in 1980 from a year earlier.

Net per share fell to Y24.14 from Y25.81 because of a share issue during the year.

Sales were essentially flat in 1981 at Y473.97bn ($2.02bn), against Y471.87bn, reflecting the persistent sluggishness of the domestic economy.

Japanese housing construction activity has continued to decline, causing Asahi's flat glass sales to be lower in 1981 than a year earlier.

This was offset, however, by sales of glass for cars and colour television sets. Overall glass sales, accounting for 57.5 per cent of the company's turnover, rose by 1.3 per cent from 1980.

Chemical products, accounting for 36.9 per cent of total turnover, recorded a 1.5 per cent drop from a year earlier.

Asahi expects a domestic economic recovery this year which should lead to higher glass sales and earnings. Total unconsolidated net earnings are forecast to reach Y24.5bn.

The company has been expanding rapidly in Europe. In April last year, it bought the Belgian and Dutch glass making operations of BSN-Gervais Danone of France for $46m.

UMW to double its capital

BY WONG SULONG IN KUALA LUMPUR

FAST - EXPANDING United Motor Works has announced share issues that will double its paid-up capital and raise money to pay for its recent purchase of the Toyota vehicle franchise in Malaysia from Inchcape Berhad.

UMW, which has grown from a Chinese family machinery distributing business to one of Malaysia's top 10 corporations in the past decade, said it would make a one for three rights issue to raise 84.5m Ringgit (US$36.3m). The 24.1m shares of one Ringgit par value are priced at 3.5 Ringgit each.

At the same time, UMW announced a two-for-three bonus issue.

The rights will not be entitled to the bonus issue, and both these issues will not be eligible to the final dividend for the year ended December 1981.

UMW said the 84.5m Ringgit from the rights would go partly to pay its share of the purchase of the Toyota franchise.

UMW's 53 per cent-owned Sejati Motors has agreed to pay 135m cash to Inchcape Berhad for the assets relating to the assembly and distribution of Toyota cars in Malaysia.

The other shareholders of Sejati Motors are Bumiputra (Malay) institutions and Toyota Motor Sales of Japan.

Money from UMW rights would also go to reducing the group's external borrowings, and to build a workers' residential complex outside Kuala Lumpur.

Apart from the Toyota franchise, which has an annual turnover of 600m ringgit, UMW has also purchased the Fiat franchise in Malaysia for 45m ringgit.

The group's original business is distribution of Japanese heavy equipment, particularly Komatsu machines.

Higher cost of funds at PNB

By Emilia Tagaza in Manila

HIGHER COST of funds and increased operating expenses have slowed down the rate of profit increase at the State-owned Philippine National Bank (PNB), the largest commercial bank in the country.

Mr Panfilo Domingo, PNB's president, reported that net profit for 1981 reached 230m pesos ($29m) compared with the net profit of 211m pesos ($26m) in 1980. This is an increase of 9 per cent, compared with the previous year's increase of 13 per cent.

Gross income increased from 3.3bn pesos ($413m) to 5.6bn pesos ($707m) in 1981, but total expenses rose even more, from 3.1bn pesos ($376m) to 5.7bn pesos ($678m).

Two Sime plantations drop dividend payments

BY OUR KUALA LUMPUR CORRESPONDENT

TWO PLANTATION subsidiaries of Sime Darby—Benta and Taiping Consolidated—report sharp falls in interim earnings and are dropping dividend payments. Previously Benta paid out 5.8 cents and Taiping 10 cents a share.

Last week Sime, and its two major subsidiaries, Consolidated Plantations and Tractors Malaysia, also reported half-year profit setbacks because of the recession and weak commodity prices, but their dividends are being maintained.

The results of Sime's plantation units show that operating rubber estates are now barely profitable in the present recession, although palm oil is moderately profitable.

For six months ended December, Benta's pre-tax earnings were down 72 per cent, from 2.4m to 676,000 ringgit (US$ 290,000), while that of Taiping Consolidated fell 50 per cent from 378,000 to 187,000 ringgit.

● Malakoff, the 56 per cent owned plantation subsidiary of Boustead Holdings, has announced the sale of a rubber estate for 23m ringgit. The purchaser of the 860 acres of the Sungei Tuah division of the Broome Estates in province Wellesley, in north Malaysia, is not disclosed.

Olympus profits fall by 10.5%

By Yoko Shibata in Tokyo

OLYMPUS OPTICAL, the Japanese manufacturer of cameras and other optical equipment, has suffered a 10.5 per cent fall in consolidated net profits to Y7.04bn ($30m) in the year ended October.

Turnover of the parent and its 15 consolidated subsidiaries rose by only 1.3 per cent to Y136.8bn ($580m). Profits per share fell to Y51.8 from Y64.36.

Cameras' share of total sales continued their fall of recent years, slipping by about 1.5 per cent to 52.5 per cent of the total.

Microscopes' share rose slightly to take 29 per cent while fibrescopes and tape recorders showed strong growth to take 10.4 per cent and 5.4 per cent respectively.

Overseas sales, representing 68.2 per cent of the total, were flat in volume terms but the appreciation of the yen against the dollar caused a small fall in value terms.

Olympus had reported in December a 1.4 per cent fall in parent company operating profits for the year, mainly because of exchange losses resulting from the yen's appreciation. Parent company net profits rose 7.3 per cent to Y6.78bn on sales of Y103.17bn, up by 7.1 per cent.

The company did not give a consolidated earnings forecast for the full year, although it said it expects a major sales contribution from its optical pick up system for video and digital auto records.

Parent company net profits are forecast to rise by 5.9 per cent to Y7bn on sales expected to advance by 11.4 per cent to Y115bn.

U.S. bank in Korea

Chemical Bank of the U.S. has taken a 23 per cent stake in Sae Han Merchant Banking Corporation of South Korea, our Financial Staff writes. Chemical bought 13 per cent of the 20.5 per cent shareholding of Hill Samuel of Britain, the 7.5 per cent stake of Banque Arabe et Internationale d'Investissement (BAII) and the 2.5 per cent holding of BAII Trust.

The principal Korean investors in the merchant bank are Korea Development Bank with 30 per cent and Korea Exchange Bank with 10 per cent.

VONTOBEL EUROBOND INDICES
14.5.76 = 100%

PRICE INDEX	23.2.82	16.2.82	AVERAGE YIELD	23.2.82	16.2.82
DM Bonds	91.95	91.88	DM Bonds	9.846	9.855
HFL Bonds & Notes	85.71	85.58	HFL Bonds & Notes	10.839	10.860
U.S. $ Strt. Bonds	85.92	86.02	U.S. $ Strt. Bonds	14.808	14.570
Can. Dollar Bonds	90.55	90.96	Can. Dollar Bonds	15.034	14.915

Analysts came from far and wide on the rare offer to talk to a U.S. home goods giant, reports **David Lascelles**

Procter and Gamble calls a meeting

FOR A COMPANY which bombards the world with so many products (Tide, Daz, Fairy Liquid, Crest, paper nappies, coffee and many others), Procter and Gamble keeps a remarkably low corporate profile.

This wary giant of the kitchen and bathroom goods business, from its headquarters for the past 145 years in this south Ohio town, tells the world little about itself, let alone what new wonders it is cooking up for supermarket shelves. It breeds all its own executives, never hires outside, borrows little money and courts no publicity.

But P and G has been unable to escape either controversy or curiosity, let alone the gruelling attention of competitors. In the past two years a number of upheavals have dented its hard-earned reputation for quality, and raised questions about where it goes next.

One was the disastrous association of its new tampon, Rely, with toxic shock syndrome (TSS), a little-known but occasionally fatal disease, which forced P and G to write-off the product at a cost of $75m and brought a string of lawsuits. The other was a top-level management change which has given it a new chief executive.

All this has taken place against a persistent rumble of protest at what is seen as P and G's exploitation of sex and violence in its massive advertising campaigns. That protest had added to it one by the Steelworkers' Union, which is urging housewives to boycott P and G soap products to back its struggle for full recognition at P and G's large soap factory in Kansas City.

But P and G clearly wants the world to believe that none of these things have changed it at all.

In a rare meeting with financial analysts in Cincinnati last week—so rare that analysts travelled hundreds of miles to attend it—Mr John Smale, the new president and chief executive, delivered a brief speech which revealed little that was new, and ended: "Ours has always been a company run on a base of principles. These principles don't go out of style. They don't change with a new face in the chief executive's office."

But Mr Smale did acknowledge the biggest question on his audience's mind: How can P and G keep growing when it is already so big, has so many products (59 in 22 countries) and has just suffered the biggest setback in its history?

The answer, he said, was by penetrating even deeper into its markets, finding new ones—especially abroad—and diversifying, possibly by acquisition. All this should enable P and G to maintain its traditional 7 per cent to 7½ per cent growth rate, "I hope," said Mr Smale. P and G recently bought its way into the soft drink and juice market.

On its home territory, Mr Smale commented, P and G "has barely scratched the surface of the U.S. market for consumer products normally sold through food, drug and mass merchandiser stores." He estimated it had only 3.5 per cent of this market which is worth $200bn a year at the wholesale level.

Abroad, P and G's penetration is even smaller. "In the years ahead," he said, "we see excellent growth potential for our international business—through diversification into businesses which have a track record of domestic success, through quicker transferences to international markets of successful new U.S. brands and through entry into new countries."

P and G's foreign strategy is to establish its soap and detergent business first, and build on them, he said. At the moment, P and G markets only one product in identical form worldwide—Pampers, its successful disposable nappies.

Mr John Smale, chief executive

But Mr Smale's speech, while long on generalities, yielded as many specifics as a squeezed out tube of Crest, and left analysts little the wiser.

"All you have to go by is their track record," said one, "and apart from Rely you have to admit it's pretty good." The excitement generated before the meeting pushed P and G's share price back up to the level it enjoyed before the Rely scare battered it last year.

Rely was traumatic for P and G, a company which clearly feels it has a moral, as well as a business, obligation to market the best products it can. It was also a blow for Cincinnati, where P and G employs more than 12,000 people and is an overwhelming corporate presence with ties to almost every household. Many are shareholders because P and G is one of the few U.S. companies which has no pension plan: instead it dishes out stock in a profit-sharing scheme which, it believes, binds the corporate family tighter.

The $75m write-off, along with product liability insurance, should cover all costs, legal and otherwise, arising from the Rely affair. Some people speculate that P and G might go so far as to sue the Federal Centre for Disease Control, which officially linked Rely with TSS. P and G has denied the link exists and has set up research funds to investigate the disease. The incidence of TSS has not decreased since Rely was withdrawn, it claims.

But most analysts believe such a suit is unlikely. "They'd rather see the matter quieten down," said Mr Hercules Segalas of Drexel Burnham Lambert, a former P and G employee.

Mr Smale declined to make any profit forecasts, but P and G's earnings in the first six months of its 1982 fiscal year were $414m, up 18 per cent despite the sorry state of the economy. P and G has traditionally weathered economic downturns well, because it sells low-priced household essentials which are the last things to get struck off the family budget when times get tough.

But Mr Smale said his company was not wholly recession-proof, because sales were ultimately determined by real disposable income, which was not growing strongly at the moment. P and G, however, has been able to draw demand by making the most of the abatement of U.S. inflation to hold down prices.

And does he think the Reagan programme will work? "Only time will tell," he said in P and G's best equivocal style.

Kuwaiti investors anger Bahrain

BY MARY FRINGS IN BAHRAIN

BAHRAINI authorities have reacted angrily to premature trading by Kuwaiti investors in the shares of a US$100m-capital Bahraini offshore investment company that is still waiting formal registration.

This may lead the Bahrain Monetary Agency to tighten controls over a range of institutions, from banks to commodity traders.

Mr Ibrahim Abdul Karim, the Minister of Finance, has expressed his concern to protect Bahrain's reputation as a financial centre. Also, he does not want Bahrainis trading in shares of companies without established financial status.

The company in question is the Bahrain Investment Centre. Its Kuwaiti backers had applied to the Ministry of Commerce for its registration as a Bahrain closed joint stock company under the Exempt Company regulations. These rules permit the incorporation of companies in a tax-free environment, and without a 51 per cent Bahraini interest, provided they do not compete in local markets.

The promoters received a letter indicating that the Ministry had no objection in principle, and advising them to prepare documents such as a list of founders, draft articles of association and a statement of corporate objectives.

Apparently, the Kuwaitis took the Ministry's letter as a go-ahead, paid in $95m of capital and began trading in the shares.

But public trading in the shares of Bahraini closed stock companies is prohibited in Bahrain, as is private trading for the first three years of a company's life.

There is a grey area in the commercial regulations in Bahrain over responsibility for approving the formation of investment companies, which use their shareholders' funds to invest in equities, real estate, or debt securities but do not accept deposits.

Such activities, which were not in the past significant in Bahrain, have not required a formal licence. But the BMA was drawn into the arrangements for setting up two other offshore investment companies, Pearl and Gulf Investment, because they were offering shares for public subscription.

books

FOR THE BUSINESSMAN

CORPORATE HISTORY

The declining years of a car giant

BY RICHARD LAMBERT

Going for Broke: The Chrysler Story, by Michael Moritz and Barrett Seaman. Doubleday, New York, price $17.95.

BIG CORPORATIONS take a long time to die. "This company took 25 years to become decadent—I mean rotten to the core," growled Chrysler's boss, Lee Iacocca in one of his darker moods—and if anything, he was understating the case.

The authors of "Going for Broke: The Chrysler Story," suggest that the decline started almost as soon as Chrysler's factories switched back from making military paraphernalia to motor cars at the end of the Second World War. While Henry Ford II was turning the shambles which he inherited at Dearborn into one of the most efficient enterprises in North America, Walter Chrysler's successors were squandering the advantages which he had so painstakingly accumulated during the 1920s and early 1930s.

At a time when mechanical innovations were taking second place to fancy styling in the market place, earlier triumphs allowed Chrysler's engineers to exercise their might over too many critical decisions. "Chrysler builds cars to sit in, not piss over," insisted one executive at a time when the rest of the industry was switching to sleek, low slung lines. But the customers were not impressed.

The company's labour relations were appalling, with management's ineptitude being aggravated by the fact that, unlike its competitors, Chrysler had failed to understand the advantages of widely scattered assembly plants.

Cost controls were almost non-existent, and as the 1950s progressed the company's traditional pricing premium over competitive cars began to disappear. In 1953, Chrysler lost for ever its position as number two in the U.S. market, with its share slithering down to little more than 20 per cent.

In a belated response to change, the company tried to shake off the comfortable traditions of its pre-war management style. McKinsey, the management consultants, produced an in-depth report—six ft high—which led to a rage for decentralisation. The company seemed to be in a permanent state of reorganisation during the second half of the 1950s, a period which culminated in a series of messy and public rows.

"I don't feel I know any more about building automobiles or running a corporation than *you* do, Mr Chairman," was the sarcastic response of one of the corporation's tormentors on being nominated to the Board.

For a time, it looked as though Chrysler had found its saviour in the youthful Lynn Townsend, who took over the reins at the age of 42 in the early 1960s. Too late to alter the 1962 models, he tore into the 1963 programme—eliminating the low volume Lancer and replacing it with a compact Dart, ripping up plans for the new Plymouth less than a year before production was due to start, and moving up the 1964 Dodge by a year.

For Townsend, volume was the beginning and end of the motor industry. He was determined to restore Chrysler's status as a full line manufacturer, and in the early days he could do no wrong. From a low point of 8.3 per cent in February 1963, Chrysler's market share moved up by more than four points within the space of two years.

But the apparent prosperity of the 1960s masked a number of fundamental weaknesses. Abroad, the companies that were available to be bought turned out by and large to be the weaklings of their own market. At home, Chrysler's urge to follow fashion was bringing horrific production problems. In 1962, the company produced 93 different styles: five years later, it rolled out 160.

Most dangerous of all, perhaps, was its concentration on short term targets for earnings per share. These became the starting point from which all the other numbers, including turnover, were derived. Managers began to play increasingly difficult accounting games with the sales bank, which in lean periods for sales turned Detroit into a giant open air parking lot.

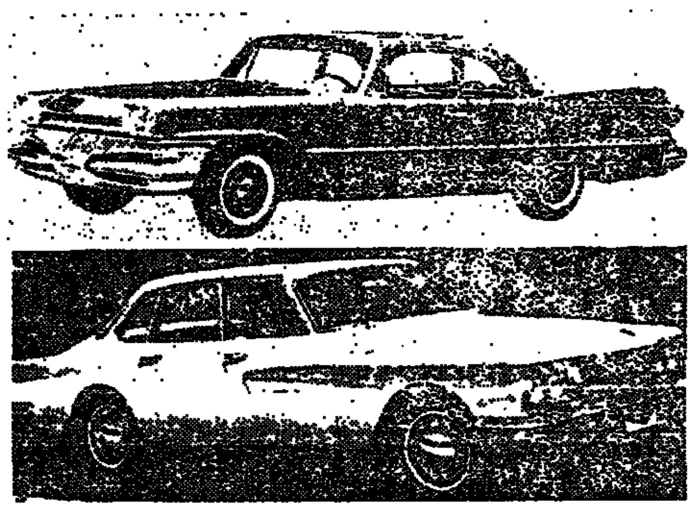
With its balance sheet already under growing strain in 1970, Chrysler was hopelessly ill-prepared to face a decade which brought a tidal wave of new competition from abroad, a transformation in energy costs, and a wildly expensive series of government regulations. Chrysler's thin layer of top managers was stretched to breaking point, and it seemed at times that only the sheer willpower of Lee Iacocca—who moved over from Ford in 1978—kept the company on the road.

In its wider context, "The Chrysler Story" is more than a corporate profile. The authors point to a "complex systemic inertia, spawned in part by complacency, in part by an addiction to the fast buck, in part by an adversarial relationship that governed the financing, the taxing, the regulation and the employment of American industry."

They argue that by scheduling its standards not according to technology but rather to political goals, the U.S. Government actually inhibited product development and slowed progress towards safer, cleaner cars.

But they do not go all the way with the free market economists. Instead they say that a bankruptcy reorganisation in 1979 could not have worked for Chrysler.

The Loan Guarantee Act provoked a widespread and rapid reorganisation within the company, which brought about everything that a bankruptcy judge would have taken years to organise—and at the same time enabled it to keep working on new models. It provided a badly needed breathing space, the argument goes, for displaced workers and their communities, for suppliers, dealers and banks. Whether that breathing space turns out to be long enough is another matter, for the Chrysler story has not yet reached a denouement.



Chrysler's Dart (top) and Lancer from the early 1960s when major model changes were taking place

THE OIL INDUSTRY

Getting to grips with the pricing system

Pricing Petroleum Products: Strategies of Eleven Industrial Nations, by Edward N. Krapels. Oilgram News, McGraw-Hill, New York, price $77 in the U.S., $87 outside the U.S.

International Energy Futures: Petroleum Prices, Power and Payments, by Nazli Choucri. MIT Press, Cambridge, Mass., price $27.50

OPEC: Twenty Years and Beyond, edited by Ragaei El Mallakh. Croom Helm, London, price £14.95

International Energy Options: An Agenda for the 1980s, edited by Paul Tempest. Graham & Trotman, London, and Oelgeschlager, Gunn & Haim, Cambridge, Mass., price £9.50.

CONFIRMING the tenet that it is virtually impossible to forecast accurately events in the world energy markets, is the fact that the oil pricing system has gone haywire.

Anyone far-sighted enough to predict, say two years ago, what is happening to oil prices today, would have been ridiculed. After all, here we are with two of the leading oil exporters — Iran and Iraq — still fighting each other and with Western Europe and North America just emerging from a notably harsh winter . . . and prices are plummeting. By mid-February it was possible to buy spot cargoes of North Sea oil for $29 a barrel, over $10 below the contract rate at the beginning of 1981 and roughly in line with the selling price two years ago.

In these circumstances, any work of reference which sheds light on pricing mechanisms is to be welcomed. Edward Krapels' "Pricing Petroleum Products" provides a useful examination of the three parts in the pricing system: product price regulations in industrial countries; prices of oil in the open or "spot" markets, and the distribution of oil from exporting to importing countries.

Coming from the same stable as the Platt's Oilgram pricing service to the oil industry, the book is packed with data and observations. It uses the 1979 disruption of oil exports from Iran to assess international market reactions, including the pricing policies of 11 industrialised countries.

The UK, like West Germany, is put firmly in the free market category. British refiners, it is recalled, found it possible to push up product prices quickly to recover some of the revenues previously curtailed by stiff competition. The other nine countries surveyed were put into the categories of politically controlled prices (Japan, France and Italy, for example), formula controlled prices (the Netherlands and Belgium), and crude cost controls (the U.S. and Canada).

Edward Krapels, a petroleum policy consultant, says that the world oil system is not a market in the old-fashioned sense of the word. He calls for a new metaphor admitting, on the way, that he has been unable to find one. The market, in his eyes, remains complex and difficult to comprehend.

Nazli Choucri, Professor of Political Science at the Massachusetts Institute of Technology, approaches the pricing conundrum from an understandably more academic, less journalistic standpoint. This is particularly demonstrated in his analysis of a simulation model of the world petroleum market. But his International Energy Futures book also carries some plain messages.

Opec, he points out, now regards the spot market fever as an aberration that undermines its own strength in oil trade. Significantly he adds: "Whether Opec can now effectively set prices appears in doubt."

This is not a view shared by Opec. Indeed, it seems to be implicitly dismissed in the title of a new book on the Organisation: "OPEC: Twenty Years and Beyond." Nevertheless, the various authors who have contributed to the book, do not disguise the strains and tensions that will affect Opec's unity and deliberations. As the book's editor, Ragaei El Mallakh, points out: "A better understanding of the requirements and priorities of the Opec nations will facilitate the structuring of mechanisms to balance the needs of both producers and consumers of petroleum."

The tensions and conflicts within the wider international energy market are reviewed, again in a series of papers, in a book edited by Paul Tempest, chairman of the British Institute of Energy Economics. The papers were selected from the 1980 conference of the International Association of Energy Economists and, as such a number of the contributions are looking somewhat dated.

That said, the papers have been chosen in an attempt to identify areas where conventional wisdom is changing and where breakthroughs are occurring in energy supply and efficiency.

Paul Tempest sees much of the world's future energy problems arising from a lack of investor confidence. Very low expectations of economic growth coupled with excess energy production capacity — the present dilemma — offered major deterrents to investment. "If, despite current gloom, confidence can be restored, it will be self-fulfilling. If not, national and commercial competition will waste effort in ever-declining supply," he writes.

RAY DAFTER

THE LURE OF GOLD

Amazing figures and conversation stoppers

Gold, by Brian Kettell. Graham and Trotman, London, price £8.50 (until March 31, then £9.95)

GOLD HAS always had a special fascination for mankind. Indeed, according to Brian Kettell, the author: "No other metal has so captivated the human mind, and no other natural substance has been the source of so much bloodshed and violence."

Kettell goes on to blame gold for the decline of the Roman Empire; the discovery of the United States by Christopher Columbus; and the development of metallurgy and chemistry.

That is as may be. But the fascination of gold in modern times was increased still further when the price hit a peak of $850 a fine ounce at the beginning of 1980 before falling back dramatically to its present level of below $400.

The sudden surge in the price of gold apparently inspired Kellett, senior lecturer in the department of economics and banking at the City of London Polytechnic and previously with Citibank, to write this layman's guide. Somewhat uncertain of his potential audience he evidently decided to cover every conceivable aspect with the help of diligent research.

He has come up with a plethora of facts and figures to amaze readers and provide good conversation stoppers. Did you know that gold is so ductile that a thread drawn from one ton of gold would stretch from the earth to the moon and back? That gold is so dense in volume that the 100,000 tons mined since 4,000 BC could be contained in a cube measuring only 57 feet on each side?

The book, illustrated with some fine colour prints and plenty of graphs and tables, offers a wealth of detail ranging from the trend in gold production since 1500 to 30 pages listing all the minted coins struck since the 12th century. Mining, the role of gold in the monetary system over the years, and investment in gold and mining shares are all covered exhaustively too, sometimes rather repetitively.

This non-expert approach has the great advantage of helping the book to be understood by the layman. But the drawback is that there is a certain lack of authority and too much reliance on sources of information.

JOHN EDWARDS

THE BUILDING SOCIETIES

A veil is lifted on the economic giants

The Economics of Building Societies, by T. J. Gough. Macmillan, London, price £20.

SUCH HAS been the pace of events in the building society world that a book written on the subject in early 1980 and [illegible] later can look disappointingly out of date.

A similar exercise a few years ago would almost certainly have achieved a much longer shelf-life, but the real world has at long last caught up with the building society movement (to the extent that it now insists upon being called an industry) and what once went unchallenged and unchanged now requires constant updating and reappraisal.

Given the events of the last few months, the author's tentative suggestion that the societies' dominance of the mortgage market "may be under attack," together with his references to the falling market share of National Savings instruments, now seem as outdated as differential mortgage rates.

A great deal of time is spent in debating the impact of wildly fluctuating mortgage availability (at least partially blamed on the societies' own tardiness in reacting to market changes) on the housing market and housebuilding industry. But with societies currently providing 60 per cent or less of all new mortgage advances, their attitude is less decisive in dictating events and the prospect of alternating famines and feasts hopefully now looks more distant.

A reference to the Canadian housing market points out that mortgages there are available virtually on demand and that intense competition between various institutions always makes it possible to obtain a loan from one mortgage institution or another. Equally as important, the book adds, Canadian interest rate structures are kept competitive with rival financial institutions at all times, so periods of chronic interest rate advantage or disadvantage — which dictate the available flow of mortgage funds — do not exist. It no longer requires a transatlantic trip to examine at first hand such a state of affairs.

But if the author (and the societies) has been tripped up by time, his efforts contain a series of interesting analyses on areas of building society operations and will be welcomed by anyone keen to lift the veil a little more on one of the most influential sectors of the economy.

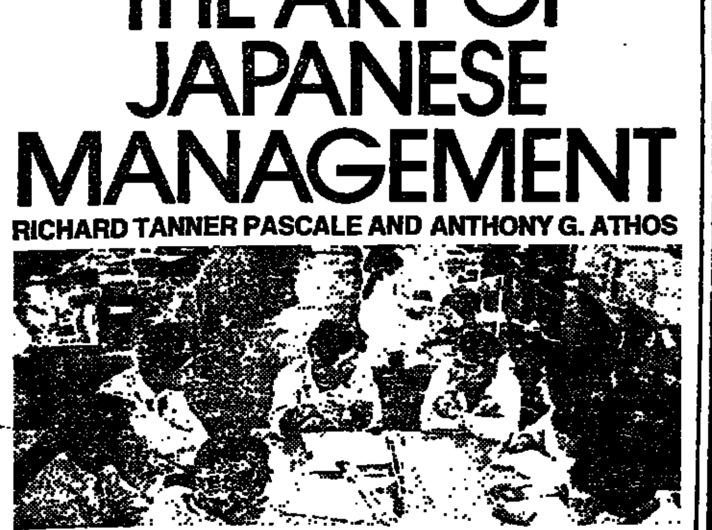
He is critical of the societies' success in making any significant impact on improving inner city housing, kindly referring to the support lending scheme — designed to fill the mortgage gap left by penniless local authorities — as having "fallen far short of expectations."

In truth, the scheme has merely served to help housing ministers underline their concern for the plight of inner-city housing and has done very little to assist the cause of urban renewal or owner-occupation. In the past, the societies could find better customers for their money, but now they may have to look more considerately at this type of business.

On the question of building society efficiency — likely to become a much more central issue in the months and years ahead — the proliferation of an expensive branch network is, together with inflation, singled out as a primary cause of rising expense ratios. The rationalisation of some branch networks — as in the case of the clearing banks — now begins to look like a distinct possibility.

The issue of membership democracy is only touched upon, although it is one which the societies will have to consider much more seriously.

MICHAEL CASSELL



books

FOR THE BUSINESSMAN

ECONOMICS

Apparently, almost any investment will do

BY RICHARD HENDERSON

The Wasting of the British Economy by Professor Sidney Pollard. Croom Helm, London, price £11.95.

THERE is a great deal of quiet pleasure to be taken in the sight of a fellow human being tearing his hair and stamping on his hat in impotent rage. It is also impossible not to enjoy a chapter that is headed: "The Facts—And Do They Matter?" There is, therefore, something to be said for this book.

Pollard, however little he might like the association, is a "supply-sider." His concern is with the slow, relative and absolute, post-Second World War growth of the British economy. His analysis is that growth has been poor because the capacity has not been there, because the necessary investment has not been made, because government has been at best unconcerned with, and at worst actively hostile to, investment.

The corresponding prescription is brief and vague, perhaps because in his indignation the author thinks it all too obvious. Government must change, and promote investment, in ways never made explicit.

Almost any investment will do, apparently, as even Concorde and council housing are quoted with approval. Only services, and particularly the City, are quite beyond the pale (although education, Professor Pollard's own industry, scrapes through as particularly precious).

Pollard is enraged, as well as frustrated, by the inability of those in authority to see what is so clear to him. Rattlesnake-like, he sprays venom in the eyes of his attackers, reserving his most concentrated loathing for the Treasury and the "Economic Establishment."

No group or body is safe, whether it be the Bank of England (protecting the City against manufacturing), governments (each worse than the last), trade unions ("irresponsible," "destructive," and "ruthless" — "the trade union mentality is now that of the highwayman"), or economists.

Although this approach adds a certain verve and dash to the style of the book, extreme partisanship claims its usual victims. Inconvenient facts are pushed well into the background and too much attention given to attacking the enemy leaves his own proposals awkwardly thin.

History is rewritten. To take two examples only: is a world in which one can ask "why . . . Chancellors of the Exchequer and spokesmen for the Opposition (are) so rarely heard discussing . . . increases . . . in investment" really that in which we live? Would the Chicago school agree that "the present government . . . are simple, not to say simple-minded, and follow faithfully the advice given by the 'monetarists' led by . . . Milton Friedman"?

The reader is spared the confusion which might follow from the discovery that trade cycles have existed in other places and at other times, or that investment (even in plant and machinery) rose steadily, both absolutely and as a proportion of output, until a decade or so ago.

Perhaps the most revealing item of information in the book is a small table comparing marginal capital-output ratios in four countries. It shows that to produce a given increase in output requires roughly half as much capital investment again in the UK as in France, Italy, or West Germany.

For Pollard this is a form of magic, "giving the fast-growing country a kind of bonus or, looked at from another angle, penalising the slower grower." Viewed through less fanatical eyes the same information might suggest a reason for lower investment ratios here than overseas, as well as pointing a possible direction for the search for obstacles to growth.

It would be easy to welcome an economic history of post-war Britain, written for a lay audience, which got away from the Thatcher "there is no alternative" and TUC "massive demand-boost" schools of mindlessness. If this is not that book it is because it is too strident, too confident of being the receptacle of received truth, and ultimately too careless of the facts.

A penchant for pugnacious generalisations

BY MAX WILKINSON

The Irrelevance of Conventional Economics. by Thomas Balogh. Weidenfeld and Nicolson, price £16.50.

LORD BALOGH does not suffer gladly those he considers to be fools. As a result, his grand survey of the follies and nonsense in economic theory is pleasantly acidic throughout and sometimes enjoyably venomous.

The broad sweep of his attack is proclaimed by the title of his latest book. It also betrays, perhaps, his penchant for pugnacious generalisations sometimes made at the expense of the more humdrum task of isolating those elements which are wise and good in his opponents' theories.

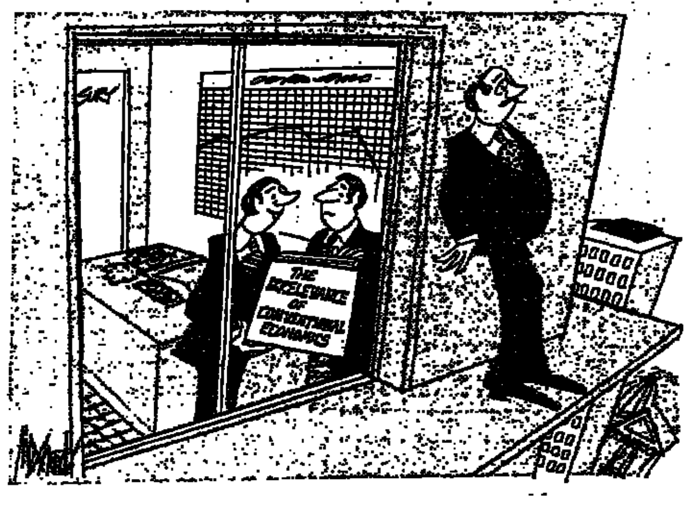
The theme of the book is that economics has often tried to rise above its proper station: by excessive pretensions to scientific accuracy; by confusion between the humble limitations of its own models and the complexities of the real world; and by too great a desire to make prescriptions on matters which should remain essentially political.

The real world, he observes, is swayed by the larger forces of governments, trade unions, multinational companies and other vested interests whose interactions economic theory cannot predict with precision—if at all. Moreover, economic concepts like consumers' demand are subject to such complex and overlapping influences that even within economic theory itself, predictions cannot be made with great certainty—and the refinements of the mathematical and statistical approach often merely obscure the shakiness of its axioms.

Lord Balogh believes, therefore, that excessive reliance on the apparatus of economic theory can be not just misleading, but positively dangerous.

Monetarism, he thinks, will founder under the weight of its own contradictions; on the other hand the conventional Keynesian approach is over-optimistic about the prospects for a prices and incomes policy. This could not be achieved without a major increase of Government intervention to secure a more just distribution of incomes and faster growth.

It is not necessary to agree with his conclusions to appreciate the verve and academic confidence with which he dismisses some of the sillier pretensions of economics and argues for a much greater emphasis on the subject's limitations and uncertainties. In this he combines acuity with a sort of robust common sense which gives the book pace and readability.



"I thought he might like to know where he went wrong before he jumps"

After 30 years and more during which his views have been—as he says—attacked and disparaged, Lord Balogh is pleased to find signs that there are "penitents" in the profession who are coming round to his ideas.

However, Lord Balogh's own style is far from humble. Its pugnacity borders sometimes on petulance, which seems to invite disagreement and therefore makes his arguments sound less persuasive than they might have been.

Take, for example the comment on a "penitent" statement by the econometrician, Professor Hahn of Cambridge University. In a section entitled "humility and self-criticism" Lord Balogh says: "It seems a late and lighthearted repentance, from someone who has spent his life propagating absurdities" — an accusation which is either unfair or unkind.

That sort of Senior Common Room jibe raises several uneasy feelings, as do many of his more sweeping assertions. He says, for instance: "It is clear that *none* of the assumptions which Friedman made to reach his extraordinary conclusions bears *any* relation to reality" (my italics).

Considering that Friedman is widely respected, even by his opponents, such an uncompromising assertion about a complex matter tends only to mar his case.

The other major doubt about this book is that having demolished the edifice of conventional economics, its treatment of what should be raised in its place is much too cursory. For example, the solution of the "very centre of present day problems, the problem of inflation," gets only 7½ pages out of a total of 212.

There is little recognition that market forces, however corrupted, remain a dominant influence and he hardly discusses the complex and unpredictable reactions between them and state control. Neither does he explore the gloomy proposition that however bad our present system, the alternative might be worse.

It would be misguided to criticise this book for failing to provide what it denounces in others: an elegant and complete intellectual solution. Nevertheless, Lord Balogh cannot resist half opening the curtain on a Better Way. It has to be said that his polemical debunking of conventional economics is not a sufficient argument for opening the window and jumping out.

ACCOUNTANCY

A matter for accountants and actuaries

Accounting for Pensions, by Michael Young and Nigel Buchanan. Woodhead-Faulkner, Cambridge, price £12.50.

AT THE end of this comprehensive survey of the largely uncharted territory of the pension funds Michael Young, a pension fund administrator, and Nigel Buchanan, an accountant, confess that "we are a little disturbed at what we see." Huge sums amounting to over £60bn have been piled up to support pension schemes, and in many cases the individual funds have a greater market value than the companies which sustain them. As for employees, they make a very large investment in an asset which in times of redundancy and inflation can be of very uncertain real worth. "So far, at least," complain the authors, "there has been almost a total lack of measurement to discover what the economic effect of this growing phenomenon has been."

There are many aspects to pension fund accounting; and indeed, the authors do not confine themselves to the accountants' normal realm, but also give a detailed description of the role of the actuaries. Tensions between these two professions are inevitable, but can be minimised, it is suggested, on the basis that the accountants should deal with questions of historical fact whereas the actuaries should deal with the future.

It is not, of course, quite as easy as that, and at the very least the accountants are likely to begin to insist on restricting the kind of valuation which the actuaries make. That much is clear from the Napier Report just published by the UK Accounting Standards Committee — a report, incidentally, which seems to be much in line with the thinking of Young and Buchanan.

But the Napier Report deals with only one aspect of the subject—the question of accounting by companies for pension costs. There is also the connected but separate question of how pension schemes should report to their members—bearing in mind that it is still rather unusual for beneficiaries to receive even a simplified annual report.

In fact it could be said there is a third aspect—the reporting to individual scheme members of the precise benefits to which each is entitled. It is an amazing fact that although many of the 12m-odd contributing members of pension schemes have very substantial investments standing against their names—second only in value, probably, to the worth of their houses—they are usually given no routine statement of the benefits which are secured.

The authors judge that the practicable and effective approach to reporting by the trustees is that they should issue a conventional annual statement for expert readers, together with a simplified version (perhaps only an audio-visual presentation) for general consumption. There is a warning of the danger of mesmerising scheme members with bar charts and pie diagrams, and a suggestion that the full report should be available on request.

As for personal financial information, there are inevitably problems when in final salary schemes the benefits are not linked directly to contributions. However, there are such matters as death benefits or benefits for early leavers, and Young and Buchanan argue that in a computerised age there is no reason why adequate pension statements should not be provided.

As for shareholders' accounts, whereby companies report the cost of pensions, this is very much virgin territory. At present few public companies give any significant details of pension costs in their annual reports. Companies and their actuaries by and large wish to retain the right to be flexible over the charges made each year and the assumptions underlying the valuation of the scheme. But the auditors are nowadays preoccupied with standardisation.

Here, Young and Buchanan are ready—on the whole, perhaps too ready—to accept a limited objective. They argue that it is reasonable to try to make pension costs internally consistent from year to year. They argue for the use of a projected benefits method of acturial valuation, which is broadly consistent with the accruals concept of accounting. But they suggest that inter-company comparability is "unattainable and, as a matter of business policy, might be undesirable."

BARRY RILEY

Book Briefs—

Marketing

Strategic Marketing Management, by Gordon R. Foxall. Croom Helm, London, price £12.50 and £6.95 (paperback). This is aimed at the student of marketing and approaches the subject on the premise that success lies in the correct mix of pricing, production, promotion and distribution.

Marketing Decision, by Peter Tinniswood. Longman London, price £3.95. Also for students. Sees marketing as the "interface between the consumer and the firm" and includes case studies as well as theory.

The Many Arts of Sales Management, by Michael Beer. McGraw Hill, Maidenhead, price £9.95. Employing a chatty style, the author concentrates on the motivation of people and the various characteristics of the good manager.

Industrial Marketing Strategy, by Frederick E. Webster Jr. John Wiley and Sons, Chichester, price £14.75. A broad ranging text that relates marketing strategy to overall corporate strategy.

Investment

Financial Modelling in Corporate Management, edited by J. W. Bryant. John Wiley, Chichester, price £13.90. This approaches the subject by providing illustrations of what are perceived as typical financial modelling studies.

Readings in Strategy for Corporate Investment, by Frans G. J. Derkinderen and Roy L. Crum. Pitman, price £8.50. Sets out to emphasise the importance of planning how a company's resources should be allocated.

Capital Investment and Financial Decisions (Second Edition), by Haim Levy and Marshall Sarnat. Prentice/Hall International, Hemel Hempstead, price £10.95 and £15.95 (cloth cover). This also emphasises the need to allocate capital resources and is designed essentially as a students' textbook.

Strategy

Cases in Strategic Management, by John M. Stopford, Derek F. Channon and John Constable. John Wiley, Chichester, price £26.05 and £10.85 (paperback). Using case studies, this is aimed at the company which has or is planning to have European and other international operations.

How to do a Company Plan—and put it into action, by W. C. Shaw. Business Books, London, price £15. A clearly laid out and illustrated text which provides a checklist of all the elements of planning.

The EEC

The European Community—The practical guide for business and government, by Brian Morris, Peggy Crane and Klaus Boehm, Macmillan, London, price £18.95. Claims to be the first book to explain European Community law and bureaucracy in "practical everyday terms."

Eurodoc, Euroinformation Ltd, Ickwell, Beds, price £24 a year. The first of what will be monthly reviews of all new Community proposals.

WORLD STOCK MARKETS

Early Wall St rally falters

AN INITIAL rally fuelled by bargain hunting on Wall Street yesterday morning later faded, with the market showing a slightly easier bias on balance at mid-session.

The Dow Jones Industrial average had recovered 4.75 by 10.30 am, but later declined to stand at 812.88 at 1 pm, a marginal 0.10 below the overnight level. The NYSE All Common Index held a small net gain of 3 cents at $64.47, but declines led rises at mid-session by a six-to-five margin. Volume was again heavy, coming to 44.22m shares, against 46.34m at 1 pm the previous day.

Analysts said worries about the recession and its impact on corporate earnings continue to hold the market down.

Mobil, Texaco and **Gulf** all recorded volumes of more than 1m shares. Al Silber, of Dean Witter Reynolds, said the international oil stocks are poised for a rally, having reached historic lows in their price-earnings ratios, and institutions may be reinvesting in those issues in order to profit from any upturn. He said expectations of a rally were heightened by reports that the Iran-Iraq border war is heating up, which could disrupt oil supplies, forcing prices higher.

Mobil was off ⅜ to $22, **Texaco** unchanged at $30⅛ and **Gulf** up ⅛ to $29¾. Also active were **Atlantic-Richfield**, up ¼ to $35¼, and **Exxon**, unchanged at $28¼.

Drug stocks further weakened. **Upjohn** lost 2¼ to $50¼, **Smithkline** ⅜ to $65⅞, **Merck** 2¼ to $79⅛, **Elie Lilly** 1⅜ to $56⅞ and **Syntex** 1⅛ to $62½. **Becton Dickinson** fell $2 to $45. The company has lowered its earnings projections, citing the devaluation of the peso as a negative.

THE AMERICAN SE Market Value Index was 0.65 easier at 264.40 at 1 pm. Volume 3.29m shares.

Closing Prices for North America were not available for this edition.

Canada

Markets stayed in easier mood in moderate early dealings. The Toronto Composite Index shed 2.7 to 1,655.9 at noon, while Oil and Gas slipped 14.6 to 2,766.7 and Golds 11.2 to 2,408.7.

Australia

Mining issue **MIM Holdings** of an A$125.6m rights offer was met by a wave of selling, leaving the share price 25 cents down at A$2.70.

The capital is being raised by MIM to finance development of new ore bodies at Mount Isa, the start-up at Hilton, and the development of a coal port. Given the current gloomy market climate, the issue announcement was considered badly timed.

Overall market leader **BHP**, which has recently been the subject of worries about a possible rights issue, was also under pressure and retreated 28 cents to A$8.10.

With the general market remaining in bearish mood yesterday, and, in particular reflecting the falls in MIM and BHP, the Australian All Ordinaries index dipped 7.5 further to 494.3, a new low since its introduction at the start of 1980.

Brokers were divided about the near-term outlook for the market, for which the index has now fallen over 100 points this year, but several felt the bottom could be near.

The Oil and Gas group put on another weak performance, still depressed by the world oil oversupply situation and falling oil prices. The sector index lost 24.8 more to 456.5.

Woodside Petroleum, which announced just a slightly higher 1981 profit, shed 3 cents to 90 cents. **Crusader Oil** retreated 55 cents to A$4.00, **Bridge Oil** 45 cents to A$3.00 and **Santos** 20 cents to A$4.70.

Tokyo

The market remained easier-inclined with Blue Chips and other internationally popular issues again under pressure, while trading became active.

The Nikkei-Dow Jones Average, which lost 44 points on Tuesday, fell 50.54 more to 7,664.02. The Tokyo SE index was 4.10 weaker at 566.90, although declines only narrowly led gains by 351 to 303. Volume was up sharply to 470m shares (230m).

Although Wall Street staged a late upturn on Tuesday, traders said, the prospects of fresh trade frictions with the U.S. and Europe scared investors away from Blue Chips and forced them to go hunting speculative issues, where dealings were especially brisk.

"A lot of people here think the U.S. recession is deepening and corporate earnigs are falling. With Wall Street as it is, it's hard to be optimistic," one traded commented. Blue Chips in Tokyo may stay under pressure through most of March, traders added.

Among Blue Chips, **Canon** receded Y25 to Y897, **Fuji Film** Y50 to Y1,420, **Sony** Y90 to Y3,370, **Pioneer Electronic** Y100 to Y1,480, **Toyota Motor** Y30 to Y1,000 and **Hitachi** Y19 to Y691. **Sharp** dipped Y31 to Y806 and **Konishiroku** also Y31 to Y626.

Germany

Share prices turned mixed after a firm start as follow-through orders failed to materialise and professional traders squared positions in the absence of fresh stimuli.

Motors were still generally ahead at the close, bolstered by strong January production and export figures. **BMW** gained DM 2.50 at DM 213, while **Volkswagen** firmed 90 pfennigs and **Daimler** 50 cents.

Switzerland

Most shares gained ground in moderate activity. Supporting the market were sharply higher net profits from Chemicals concern Ciba Geigy, a generally easier trend in Eurorates and indications of moderately lower yields on the Bond market. The Swiss Bank Corporation Industrials index rallied 4.9 to 249.2.

Ciba Geigy Bearer finished 35 up at SwFr 1,275.

Paris

Bourse prices ended on a mixed note after generally quiet trading.

However, dealers noted that the start of trading was delayed for 15 minutes because of heavy pre-Bourse demand for the compensation rights of newly nationalised companies.

Hong Kong

The market took a turn for the better yesterday, with sentiment aided by expectations of a neutral Budget for the Colony being announced later that day, and also the late steadier performance by Wall Street overnight.

The Hang Seng index, which lost 21.68 the previous day, recovered 11.79 to 1,267.12. However, trading remained light, turnover reaching only HK$95.30m in the short Wednesday session, against HK$163.07m in the full-day's trade on Tuesday.

Leaders were mostly higher, with **Cheung Kong** gaining 50 cents to HK$17.10, **Jardine Matheson** 60 cents to HK$17.20, **Hutchison Whampoa** 40 cents to HK$15.30, **HK Bank** 20 cents to HK$14.60 and **China Light** 20 cents to HK$13.40, but **Swire Pacific "A"** shed 20 cents to HK$9.60.

Johannesburg

Trading on the stock market turned hesitant at the close following news that 22 National Party MPs voted against Prime Minister P. W. Botha's policies at a caucus meeting.

Gold shares, however, continued quietly firm following the modest Bullion price recovery, with heavyweights up to 75 cents higher.

NEW YORK

CANADA

Stock	Feb. 23	Feb. 22
AMCA Int l	18⅛	18¾
Abitibi	19⅛	20
Agnico Eagle	6⅞	7⅛
Alcan Alumin	23⅞	23¼
Algoma Steel	36½	37
Asbestos	14	14
Bk. Montreal	22	22

BELGIUM (continued)

Feb. 24	Price Frs.	+ or —
Petrofina	4,570	—90
Royale Belge	5,700	+100
Soc. Gen. Banq	2,655	—5
Soc. Gen. Belge	1,510	—65
Sofina	3,485	—140
Solvay	2,300	—50
Tracton Elect	2,790	—150

HOLLAND

Feb. 24	Price Fls.	+ or —
ACF Holding	76	—0.5
Ahold	63.5	—0.3
AKZO	26.7	
ABN	274.5	
AMEV	80.5	—1.5
AMRO	47	—0.5
Bredero Cert	195	—1

AUSTRALIA

Feb. 24	Price Aust. $	+ or —
ANZ Group	4.02	—0.08
Acrow Aust	1.6	
Ampol Pet	1.4	
Assoc. Pulp Pap	1.5	
Audimco	0.08	
Aust. Cons. Ind	1.47	—0.01

JAPAN (continued)

Feb. 24	Price Yen	+ or —
Kubota	338	+1
Kumgaal	403	+16
Kyoto Ceramic	3,720	—30
Lion	398	+3
Maeda Cons	568	+25
Makita	746	—4
Marubeni	318	—1

Indices

NEW YORK ACTIVE STOCKS

Indian sugar output up

NEW DELHI—India's sugar production up to January 31 rose to 3.22m tonnes from 2.61m in the same period last season, according to the Indian Sugar Mills Association (ISMA).

Total offtake until January 31 was 1.51m tonnes for domestic consumption and 68,000 for exports against 1.44m tonnes internal consumption and no exports in the corresponding period last season, Reuter reported.

Factory stocks on January 31 were about 2.41m tonnes against 1.76m a year earlier.

In Brisbane, meanwhile, the Sugar Millers' Association said Australia's sugar industry expected the 1982 cane crush to be about the same level as last year's record 25.14m tonnes.

Actual production of raw sugar will depend on the sugar content of the cane which is also strongly affected by weather over the whole season.

The area under cane has been increased very slightly this year but this will be offset by the fact that monsoon rains have not fallen as usual in the Queensland sugar belt.

At the weekly export tender in Brussels, the EEC Commission granted export licences on 43,450 tonnes of white sugar with a maximum export rebate of 22.68 European currency units. The allotment was broadly in line with market forecasts and had no impact on prices.

Tin squeeze fears ease

BY OUR COMMODITIES STAFF

THE PERIOD of maximum supply squeeze risk on the London tin market passed without undue incident yesterday. With many "short" positions falling due for settlement it had been feared that some traders might find it impossible to meet their commitments and be forced to default.

These were traders who underestimated the power of the influential buyer — believed to be operating on behalf of producers — who has been bolstering tin prices recently. Yesterday was the day when most speculative sales, made in anticipation of price falls fell due for delivery.

With large amounts of tin firmly help by the influential buyer, many of these could have found themselves in difficulty. But in the event, the buyer, aware possibly of the risk of attracting the imposition of restrictive rules, has proved willing to lend tin to the market (by selling cash and buying forward) in sufficient quantities to cover outstanding short positions. The shorts did find it necessary, however, to pay the £120 premium for immediate delivery tin which the London Metal Exchange recently imposed as a maximum.

In the circumstances trading could be considered "fairly orderly," LME chairman Mr Michael Brown commented.

The buying group has reecntly allowed the cash tin price to subside from historically high levels and yesterday cash standard metal lost another £70 to £8,095 a tonne, over £900 below the all-time peak to which it was driven two weeks ago.

Meanwhile the premium for cash over three months metal, known as the backwardation, which reached more than £1,000 at one time, narrowed further to £400 a tonne.

Wong Sulong writes from Kuala Lumpur: Malaysia and Indonesia see little hope of success for the sixth International Tin Agreement scheduled to come into operation in July.

This opinion emerged from the ministerial talks in Jakarta last week between the two countries. A senior Malaysian official, who attended the discussions, said if the sixth Tin Agreement failed to get off the ground, the two countries would have no choice but to initiate an association of tin producing coutries to protect their interest.

It takes at least 65 per cent of the votes from both the producing and consuming countries for the activation of the sixth Tin Pact, final ratification of which expires on April 30.

The U.S., with 28 per cent of the votes has already stated it will not participate. The Soviet Union, and its allies command another 18 per cent of the votes, and they are unlikely to join in folowing the recent expulsion of Sovient diplomats in Jakarta and Singapore for espionage activities.

It would still be possible, with some amendments, to have the sixth Tin Agreement in operation without the U.S. and the Soviet bloc, but Malaysia and Indonesia feel such an agreement would be ineffective.

Datuk Paul Leong, the Malaysian Primary Industries Minister, is in Bangkok today to brief the Thai authorities on recent Malaysian action on tin and to seek support for the tin producers group, which would be presented to other producers, such as Bolivia, Australia and Nigeria at a later stage.

Malaysia is arranging a ministerial meeting of the three Asean countries on May 1 in Kuala Lumpur to initiate producer action in the likely event that the sixth Tin Agreement fails to get the necessary 65 per cent votes for ratification.

Rubber inquest planned

THE INTERNATIONAL Natural Rubber Organisation (Inro) secretariat is calling for a meeting of the Inro council in Kuala Lumpur on March 4 and 5 since purchases by the buffer stock manager have reached 100,000 tonnes, council chairman Mr Jack Sumner of Britain said in London yesterday.

Under the agreement, a council meeting must be held once purchases have reached 100,000 tonnes at which it may consider suspending buffer stock operations, a change in the rate of purchases and revision of the buffer stock intervention and trigger prices.

The current lower intervention price, below which the buffer stock manager may purchase rubber, is 178.5 Malaysian / Singapore cents per kilo. The lower trigger price, below which he must purchase rubber, is 168 cents.

The market price for February 23 stood at 176.79 cents.

The council will also discuss a request by the EEC for an extension of the deadline until mid-April from the end of February for final ratification of the agreement, Mr Sumner said.

The agreement has not yet received ratification by the 80 per cent of both producers and consumers necessary for it to come into force.

Buffer stock purchases have so far failed to halt the decline in natural rubber prices which recently fell to the lowest level for nearly six years. Prices strengthened on Tuesday but the fall was resumed yesterday, with the RSS No. 1 spot position on the London physical market ending 1.25p down at 44.75p a kilo.

Reuter

MARKET PROFILE: SULPHUR

From shortage to plenty

BY A SPECIAL CORRESPONDENT

SULPHUR HAS long been recognised as the workhorse of the chemical industry and as such, an important barometer of the prevailing economic climate. Sulphuric acid accounts for 90 per cent of sulphur end uses, the balance is mainly non-acid brimstone used for chemicals, pharmaceuticals and pest control. Sulphuric acid itself, has a wide range of uses, although over half of total consumption goes into fertiliser.

The sulphur market over the past three years has been in chaos, especially for Western Europe which is heavily dependent on imported material. The only European producers of consequence are France and West Germany. Problems began with three totally unrelated incidents which led to supply shortages and escalating prices.

Firstly, in Poland, severe weather conditions in 1979 froze the distribution system for exports to the Western world. This was unfortunately followed by flooding of an important sulphur mine. Secondly, the Iranian revolution had a devastating effect on sulphur exports. Then the year ended with an accident in Vancouver which effectively closed one of Canada's two sulphur export terminals.

The net result was a heavy withdrawal from world stocks. The following year, 1980, saw little improvement in the industry's fortunes. Canada's export disruption continued until the beginning of April, while in Poland, the growth of union activities centred on Gdansk — the main sulphur export centre — interrupted export shipments.

Just when everyone thought the situation was improving, the Iranian strife encompassed Iraq and its export-orientated sulphur industry. As a result, 750,000 tons of Iraqi material were removed from the market in addition to the 200,000 tons of Iranian sulphur.

Once again, North American producers dug deep into inventories to fill the void. Inevitably, the supply disruption had its impact on prices, as rapidly rising spot prices influenced contract prices. Thus, contracts for the first half of 1981, negotiated in late 1980 were raised to levels twofold those of 1979.

During 1981, the position improved considerably as more supplies became available inspite of the continued problems in the Middle East and Poland. By mid-year the recession had begun to affect the demand for sulphur and derivatives. Demand eased so much that, by the end of 1981 the market was characterised not by a shortage but a glut of sulphur.

This downturn had two results. The fertiliser industry, itself suffering from falling demand, began to reschedule deliveries of sulphur from late 1981 to late 1982. Furthermore, the rapid increase in sulphur prices coupled with a declining requirement for sulphuric acid brought about the closure of a number of sulphuric acid plants. In the UK over 570,000 tons of capacity was closed or mothballed between 1980-1982.

Within the space of a little over a year the market had turned almost full circle, from shortage to surplus. However, once again political events played a role, although not to the extent of earlier years, in the form of further disruption of Polish material, culminating in virtual withdrawal of supply during the period of martial law.

The latest interruption has, however, been insufficient to affect the 1982 contract prices. With a backdrop of weakening demand from all sectors, the absence of Polish material was indeed almost a welcome respite to producers. Nevertheless, for the first time for the past three years sulphur contract prices in Western Europe were unchanged.

Producers did not have to look far for the reasons: the availability of Canadian material and those producers using costly remelt facilities were reluctant to reduce operating rates; and the pending introduction of almost 1m tons of recovered sulphur from Saudi Arabia through 1982. When combined with the expectations of slack demand in 1982, it was not surprising that contract prices remained unchanged.

In the short term, the future of the market is not considered very promising. As sulphur performance is inexorably linked to that of the overall economy, predictions of continued economic stagnation are not welcomed by sulphur producers. Furthermore, ample availability of material should preclude any tightening from the supply end. The only proviso is that a prolonged absence of Polish sulphur, allied to the fact that U.S. stocks are at unacceptably low levels, could change the picture but at the moment, this is unlikely.

Salmon conservation group approved

WASHINGTON—The establishment of a salmon conservation organisation, and limits on salmon fishing in the North Atlantic, have been approved at an international meeting in Reykjavik, the U.S. National Oceanic and Atmospheric Administration announced this week.

Under the agreement, all salmon fishing would be prohibited beyond 12 miles from a country's coastline with two exceptions. The exceptions would allow fishing for salmon out to 40 miles from the west Greenland coast and out to 200 miles from the Faroe Islands.

In addition, the meeting approved establishment of a North Atlantic salmon conservation organisation.

U.S. market watchdog criticised

BY NANCY DUNNE IN WASHINGTON

THE U.S. Commodities Trading Commission (CFTC) is fighting for reauthorisation while under attack both in the Press and on Capitol Hill for failing to curb swindles, as well as for failing adequately to monitor industry self enforcement.

On Tuesday, the first day of reauthorisation hearings, the Washington Post, using two leaked government studies and Capitol Hill testimony, said the General Accounting Office had concluded that Federal laws to protect commodity investors are being used to shield swindlers from state authorities. The reports also concluded that the commodity exchanges are not enforcing their own rules because the federal regulators are not properly exercising their oversight functions, the Post said.

Later at another hearing, a senate subcommittee released a report concluding that the CFTC's staff is too small to cope with "boiler room" operations that defraud investors of an estimated $200m annually. The report concluded that the CFTC staff is outnumbered by offenders and mired in bureaucratic procedure.

Mr Jamse Stone, former CTFC chairman, now a commissioner, added further ingredients to the controversy by sending a separate letter to the House Agriculture Subcommittee holding the reauthorisation hearings in which he said the committee should do more for consumer protection and should have the power to set margins — both fiercely resisted in the industry.

Mr Stone foresaw a need for the eventual merger of the CFTC and the Securities Exchange Commission "as the distinctions between securities and commodities" rapidly erode. He said this might be the last hearing for reauthorisation of the CFTC as an independent agency.

During the 1978 hearings Mr Philip Johnson, now CFTC chairman, sat among the spectators composing what is widely regarded as the most authoratative report of that procedure. He entitled it: "the CFTC reauthorisation process: A view from the trenches."

Mr Johnson's view in the reauthorisation hearings now under way is more from the hot seat as he leads the battle to save the existence of his agency. For most agencies enacted under "sunset" legislation, the reauthorisation process is a routine one, but the CFTC is controversial with many detractors. Many legislators want it to present a stronger regulatory posture: the industry it supervises complains of burdensome, expensive, delaying rules.

In his eight months as chairman, Mr Johnson has moved to gain new respect for the commission by hastening contract approval and the settling of reparations cases, approving the establishing of a futures options test programme and the national futures association, an industry self-regulatory organisation.

Slight drop in milk output

MILK OUTPUT from British farms fell only 0.6 per cent in January in spite of the severe weather conditions.

Figures published by the Milk Marketing Board yesterday show that total output was 1,047.1m litres, compared with 1,053.7m in January 1980.

In sales terms the decline was shared equally between the liquid market, which fell from 523.3m litres to 520m, and the manufactured milk market, which fell from 530.4m litres to 527.1m.

Greenland fishing rights plea

BY RICHARD MOONEY

THE LIKELY departure of Greenland from the EEC could represent the British Government's last opportunity to offer sustenance to its distant water fishing fleet, Mr Austin Laing, director general of the British Fishing Federation, said yesterday.

Greenland will be seeking preferential arrangements with the Common Market, which will want fishing facilities in return, Mr Laing said. It was up to the Government to make sure British fishermen got an equitable share of this, he added.

West Germany, which has given more emphasis to distant water fishing, can be expected to "try to seize the lot," Mr Laing forecast.

On the basis of historical fishing in the area, West Germany was entitled to the lion's share, he admitted. But this basis had not been used in other cases. He claimed British fishermen had a historical right to 90-95 per cent of EEC catches in Northern Norwegian waters but had to be content with only 49 per cent.

Mr Laing argued that third country fishing opportunities for the EEC ought to be taken as a whole and shared out on the basis of historic fishing effort in third country waters. "This would give the UK a large slice of the Greenland action," he said.

At present there is little fishing off Greenland by fishermen from Britain, but with cod stocks in the area reviving, British fishermen could look forward to a catch in the area amounting to "tens of thousands of tonnes," Mr Laing forecast.

BRITISH COMMODITY MARKETS

BASE METALS

LARGE TONNAGES of Tin changed hands on the London Metal Exchange, with cash metal ranging between £8,100 and £8,200, before closing at the lower of these two levels, while three-month material reached a high of £7,770 before closing at £7,690. Copper was finally £888.5, Lead £340.5, Zinc £445, Aluminium £599.5 and Nickel £3,115, the high for the day, after a low of £3,033.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	862-.5	—4.5	862-3	+1
3 mths	890-.5	—4.25	890-1	+.75
Settlem't	862.5	—4.5	—	......
Cathodes				
Cash	861-2	—4.25	859.5-61	+.75
3 months	886-.5	—5.5	886-7	+1
Settlem't	862	—4	—	......
U.S. Prod	—	......	*76.5-82	......

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £862.00, 62.50. Three months £890.50, 91.30, 91.00, 90.50. Cathodes, cash £861.00. Three months £887.00, 86.50. Kerb: Higher grade three months £891.50, 91.00, 90.50. Afternoon Higher grade, three months £890.50, 90.00, 91.00. Kerb: Higher grade, three months £890.00, 89.00, 88.50, 89.0. Cathodes, three months £886.50. Turnover: 6,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331.5-2	—2.5	330-1	—.25
3 months	342.5-3	—2.5	340-1	—.75
Settlem't	332	—2.5	—	......
U.S. Spot	—	......	*28	......

Lead—Morning: Cash £331.50. Three months £343.00, 42.50, 42.00, 42.50, 43.00. Kerb: Three months £342.50. Afternoon: Three months £342.00, 41.00, 40.00, 40.50, 41.00, 40.50. Kerb: Three months £340.00, 40.50. Turnover: 7,025 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8120-50	—255	8090-100	—70
3 months	7730-40	—92.5	7690-700	—57.5
Settlem't	8150	—250	—	......
Standard				
Cash	8120-50	—255	8090-100	—70
3 months	7730-40	—92.5	7690-700	—57.5
Settlem't	8150	—250	—	......
Straits E.	$32.91	+.40	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,150, 80, 8,200, 10, 8,200, 8,180, 70, 50, 40, 50, 30. Three months £7,760, 30, 40, 60, 70, 75, 70, 80, 75, 50, 40. Kerb: Standard, cash £8,120, 40 late-Feb £8,020, 30. Three months £7,740, 50, 60. Afternoon: Standard, cash £8,140, 50, 30, 40, 30, 8,100. Three months £7,740, 30, 20, 25, 20, 25, 10, 30, 35, 30, 20, 10, 7,690. Kerb: Standard, three months £7,700, 7,690. Turnover: 14,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	438-9	—4.25	439-.5	—1.75
3 months	445-.5	—2	445-6	—1.25
S'ment	439	—4	—	—
Primw'ts	—	......	*42.75-5.75	—

Zinc—Morning: Cash £433.0. Three months £445.00, 44.00, 45.00. Kerb: Three months £444.00. Afternoon: Cash £439.59. Three months £445.00. Kerb: Three months £444.50, 44.75. Turnover: 4,650 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	576-.5	—6	577-8	—5
3 months	597-.5	—6.5	598-.5	—5.25

Aluminium—Morning: Cash £576.50. Three months £599.00, 98.50, 98.00, 98.50, 99.00, 98.00, 97.00. Kerb: Three months £597.50, 98.00, 98.50, 99.00. Afternoon: Three months £599.00, 98.00, 98.50. Kerb: Three months £598.00, 99.50, 99.00, 99.50. Turnover: 14,450 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3045-50	+55	3080-90	+72.5
3 months	3087-90	+45	3115-20	+71

Nickel — Morning: Cash £3,055. Three months £3,085, 90, 85. Kerb: Three months £3,090, 95. Afternoon: Three months £3,085, 80, 90, 95, 3,100, 30, 20. Kerb: Three months £3,110, 15. Turnover: 1,190 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 8.5p an ounce higher for spot delivery in the London bullion market yesterday, at 435.2p. U.S. cent equivalents of the fixing levels were: spot 736c, up 12c; three-month 824.8c, up 11.8c; six-month 854.8c, up 10.9c; and 12-month 915.5c, up 10.6c. The metal opened at 430-434p (790-795c) and closed at 431-433p (788-793c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	435.20p	+8.50	433.5p	+.55
3 months	449.70p	+8.40	448.p	+5.75
6 months	464.80p	+7.85	—	......
12months	495.00p	+7.60	—	......

LME—Turnover 98 (122) lots of 10,000 ozs. Morning: Three months 450, 49.5, 51, 51.5, 51.2, 51.5. Kerb: Three months 450, 51. Afternoon: Three months 448, 48.5, 48. Kerb: Three months 448, 47.5, 47, 46.5.

COCOA

Futures remained steady as trade and commission houses short-covered in thin conditions. Actuals business continued to be scarce with producers withdrawn at current levels, reports Gill and Duffus.

GAS OIL FUTURES

The market opened weaker and eased in line with the physical market and further bearish crude news. The market reacted to New York's steadiness before easing again, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
February	290.50	+4.50	291.00-85.00
March	268.50	—0.25	269.50-67.50
April	259.00	—2.25	261.00-58.75
May	258.00	......	259.75-57.00
June	260.00	......	260.25-58.50
July	262.50	+1.50	—
August	264.25	+1.25	—
Sept.	265.75	—2.00	266.50-66.00
Oct.	266.50	—3.00	—

Turnover: 1,668 (1,920) lots of 100 tonnes.

GRAINS

Old crops opened slightly higher, new crops opened unchanged. The market remained quietly steady until shipper selling of spot wheat led the downward movement. New crops were quietly easier, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar..	109.50	—0.75	106.00	—0.50
May..	114.20	—0.05	110.00	—
July..	117.80	....	—	—
Sept.	106.55	—0.20	102.15	—0.25
Nov...	110.15	—0.25	106.00	—0.25
Jan...	114.00	—0.20	109.85	—0.25

Business done—Weat: March 110.40-109.50, May 114.45-114.15, July 118.00-117.80, Sept no trade, Nov 110.25-110.15, Jan no trade. Sales: 141 lots of 100 tonnes. Barley: March 106.65-106.00, May 110.15-109.95, Sept 102.30-102.15, Nov no trade, Jan no trade. Sales: 98 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 106.10, E Mids 106.30, N East 106.00, Scotland 106.80. The UK Monetary Coefficient for the week beginning Monday March 1 is expected to be 0.919.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent, afloat 119.25, March 121, April 112.25 transhipment East Coast. U.S. Hard Winter, 13½ per cent, March 115.50 [illegible]

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 507.0, 509.0, 511.5-507.1; May 514.0, 515.0, 515.0-513.5; July 521.0, 525.0, 526.5-524.0; Oct 517.0, 520.0, 520.0-519.5; Dec 523.5, 526.0, 526.5-525.0; March 528.0, 530.0, 530.0-528.0; May 531.5, 535.0, 533.5; July 539.0, 540.0, 542.0-539.0. Sales: 206.

SOYABEAN MEAL

SUGAR

COFFEE

COTTON

RUBBER

WOOL FUTURES

POTATOES

MEAT/VEGETABLES

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES — DOW JONES — MOODY'S — REUTERS

ART GALLERIES

Sizeable morning selling of selected equity leaders unsettles markets and index falls 6.4 more to 552.6

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5

* "New time" dealings may take place from 9.30 am two business days earlier.

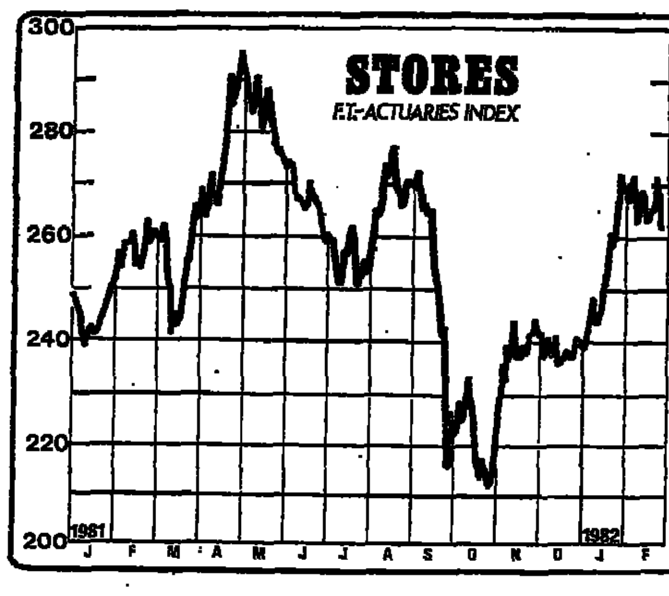
The Prime Minister's warning against high expectations for tax cuts in the coming Budget initiated further uncertainty in London equity markets yesterday. But the main cause for marked mid-morning weakness was the sudden appearance of sellers in sizeable lines of leading shares soon after the first announcement of base lending rate cuts to 13½ per cent. Most of the sales were put through the market without much difficulty, but sentiment remained depressed and only steadied later following more favourable advices from Wall Street in yesterday's early trade.

It was suggested that about 10 major stocks were involved in the early selling with put-throughs being confirmed in Racal, Shell, Beecham, Hawker, Asda, Tarmac and Metal Box. The identity of the sellers remained a mystery, although rumours abounded. It was said that a Continental concern had switched its funds from UK equities to Government bonds, that the Robert Fleming group had, in part, liquidated the portfolio of one of its trusts and that an American firm had disposed of its equity holdings.

Investors also remained cautious ahead of today's preliminary statement from ICI. The start of dealings in Amersham this morning will release part of the large amount of cash put up for the issue. Illustrating the mid-morning downturn, the FT Industrial Ordinary share index was down over nine points at 11.00 am; it picked up gradually to close 6.4 down on balance for a two-day loss of 15.6 at 552.6.

Short-term investors continued to take profits in Gilt-edged. The UK clearing bank base rate cuts were something of an anti-climax and failed to stem the tide which took longer-dated stocks down by ⅞ more. Trading conditions remained thin at this end of the market with the bulk of the day's interest being directed at the shorts. Losses ranged to ½, although the recently-exhausted tap, £20-paid Exchequer 13½ per cent 1987 "A," lost ⅜ to 20⅞. The FT Government Securities index shed 0.41 to 66.39.

Recent events in Zimbabwe failed to daunt buyers of the country's Settlement Annuities and the price rose 9 points to £372.



Banks lower

The earlier-than-expected ½ per cent reductions in base lending rates to 13½ per cent failed to stimulate much interest in the major clearing banks which drifted lower with the general trend. However, closing levels were well above the day's lowest with Barclays finishing 6 cheaper at 486p, after 482p. NatWest, which announced impressive preliminary results the previous day, lost a similar amount to 466p, after 462p. Midland softened 2 to 340p, after 334p, as did Lloyds, to 490p, after 484p. Elsewhere, Bank of Scotland shed 8 at 445p, while Grindlays relinquished 7 to 188p on further consideration of the annual figures.

In merchant banks, Henry Ansbacher cheapened a penny to 17½p following the company's agreed bid for Seascope Holdings and the proposed £8.6m rights issue. Down 3 the previous day on nervous selling ahead of the half-yearly results due on March 16, Guinness Peat eased further to a low of 55p before closing unaltered at 55p.

Comment on the preliminary results caused Commercial Union, at 140p, to lose 4 of the previous day's rise of 12. Profit-taking in the absence of the much-rumoured bid left Eagle Star 10 lower at 370p.

Budget uncertainties and poor production figures made for a drab trading session in the Brewery sector. Bass encountered offerings and fell 6 to 218p, while Greenall Whitley gave up 4 to 106p and Whitbread "A" 3 to 98p. Guinness eased 2 to 72p. In contrast, cider maker H. P. Bulmer attracted further demand and put on 9 for a two-day gain of 22 to 324p.

Leading Buildings made a drab showing in the virtual absence of buyers and on sporadic selling, Blue Circle shedding 6 more to 488p and Tarmac 4 to 420p. Redland lost 5 to 178p, while, among Contracting and Construction issues, Taylor Woodrow declined 15 to 550p and John Laing 4 to 74p. Comment on the preliminary results left Marchwiel 12 down at 126p. Housebuilders gave ground despite the cuts in bank lending rates. Barratt Developments shed 6 to 237p and Wimpey 2 to 94p. Timber issues remained on offer and Montague L. Meyer gave up 2 for a two-day fall of 5 to 148p. Elsewhere, Ibstock Johnsen fell 5 to 66p.

ICI remained a nervous market awaiting today's preliminary results and dipped to 322p before rallying to close a net 6 down at 326p. Croda International touched 83p before reverting to the overnight level of 83p following the Board's current year profit-forecast in its defence against the 70p per share cash offer from Burmah Oil, 3 cheaper at 108p.

Stores retreat

Budget worries unsettled the Store majors. Gussies "A" closed 8 down at 470p, while Boots gave up 5 at 210p and British Home cheapened 4 to 136p. Marks and Spencer ended a couple of pence easier at 140p. Secondary issues also gave ground with decreases of around 4 seen in Dixons Photographic, 175p, Empire, 76p, and A. G. Stanley, 58p.

Racal and Thorn EMI became particularly vulnerable among the Electrical leaders as sizeable lines of stock came on offer; the former were sold down to 355p before closing a net 7 down at 358p, while the latter ended a similar amount off at 468p, after 465p. GEC eased 5 to 819p but Plessey, after falling to 357p on selling ahead of today's third-quarter results, rallied in the late trade to finish a couple of pence harder on balance at 367p. Elsewhere, United Scientific lost 20 to 600p, after 595p, following the announcement that Atlantic Assets had reduced its stake in the company to under 5 per cent.

Losses in the Engineering leaders were relatively modest. GKN reacted to 158p before closing 4 down at 160p, while Tubes closed similarly lower at 118p and Hawker ended only a couple of pence cheaper at 322p, after 320p. Sporadic offerings left Weir Group 2½ lower at 56p, but Christy Bros. became a better market at 24p, up 2.

Leading Foods suffered a mid-morning shake-out, Tate and Lyle and Rowntree Mackintosh shedding 4 apiece to 194p and 166p respectively. Falls of that amount were also marked against Northern Foods, 158p, and Unigate, 99p, while retailers had J. Sainsbury 10 lower at 565p and Kwik Save 6 off at 250p. Among secondary issues, news of escalating industrial action at the company's processing plants clipped another 5 from Bernard Matthews, to 100p.

Leading Hotels and Caterers followed the general trend. Grand Metropolitan finished 5 off at 194p, after 193p, and Trusthouse Forte 4 cheaper at 110p, after 109p. Ladbroke, however, ended 6 down at the day's lowest of 147p.

Hoover dip & rally

Quietly dull conditions prevailed in the miscellaneous leaders. Closing falls ranged to 5 with Unilever that much lower at 653p. Bowater cheapened a few more pence to 247p as did Beecham, to 226p. Elsewhere, Hoover A slipped to 88p before rallying to close only 2 off at 90p following the poor annual results and dividend omission. Disappointing trading statements also prompted falls of 4 and 6 respectively in Wedgwood and Eleco to the common level of 76p. A rising market of late on demand ahead of the preliminary figures due on March 16, J. Bibby fell 10 to 325p on profit-taking. BTR lost 7 at 351p and Restmor relinquished 6 at 76p. Reports of a large share-placing left Rock Darham 2 harder at 14p, while Johnson Matthey added a similar amount to 272p on the satisfactory third-quarter figures. Dalgety found support and put on 6 to 326p while Ferguson Industrial improved 4 to 100p.

Motor Components held up well, but Distributors encountered sporadic selling. York Trailer were particularly dull in Commercial Vehicles, shedding 2 to 9p.

Among lack-lustre Newspapers, Associated, 183p, and Daily Mail A, 378p, both shed 5, while BPM A dropped 7 to 35p following the poor interim results.

Properties, having been marked lower initially in line with the general trend, steadied following the banks' base rate cuts and closed narrowly mixed. A late firm feature emerged in secondary issues, Daejan jumping to 213p before closing a net 37 up at 213p on the half-year results and the property revaluation.

Oils down again

Still reflecting the downward pressures on spot crude prices, Oil shares remained depressed. British Petroleum settled with a fall of 4 at 278p, after 274p, while Shell finished similarly cheaper at 344p. Tricentrol weakened 10 to 182p and Ultramar also stood out with a loss of 18 at 400p. Among the more speculative explorers, Atlantic Resources gave up 10 to 150p and Berkeley lost a like amount to 295p. Brunswick Oil closed a penny cheaper at 6p; the company announced yesterday a capital reconstruction to be followed by a one-for-one rights issue.

Inchcape came on offer in Overseas Traders, falling 13 to 310p, after 308p. Lonrho softened a penny to 74p following the annual report.

Trusts followed the easier trend in the equity sectors while, in Financials, R. P. Martin turned reactionary at 390p, down 20, along with Exco International, which eased 5 to 215p.

Among Shippings, Gotaas-Larsen, held at 255p after recent dullness induced by a sell recommendation.

Textiles closed slightly easier, falls of 2 being marked against Nottingham Manufacturing, 162p, Dawson International, 137p, and John Foster, 26p. Allied, in contrast, encountered occasional support and edged up 3 to 203p. Carrington Viyella held at 12¼p following the preliminary figures.

Tobaccos also trended easier, Bats reacting 6 to 431p and Imps closing a shade off at 82p.

Interim figures from Harrison Malaysian Estates were satisfactory, but the surrounding market weakness prompted a reaction of 5 in the shares to 153p.

Golds improve

Golds were more actively traded than of late, and closed firmer than expected. The main factors were the strength of the Financial Rand, good news on interest rates, and some South African buying in a fairly tight market. Bullion also helped as the price touched $366 before closing at $363.75, up $2.25, and the Gold Mines index rallied 8.6 to 258.

The heavyweights were especially firm, with gains ranging to a point, as in President Brand, £15½.

Among the lower-priced issues, Harmony shone with a rise of 46 to 603p, and Stilfontein put on 33 to 658p.

South African Financials mostly closed better, where changed, as in "Amgold," 1½ to the good at £25¼, and Gold Fields of South Africa, ½ up at £28¼.

London Financials were subdued in line with the general trend in UK equities, coming under early selling pressure before rallying towards the close. RTZ ended 7 down at 433p after 430p.

Australians were busier than for several days, and most of the leaders hardened a few pence. EZ Industries gained 5 to 230p after the better than expected results, MIM put on 3 to 163p after the initial decline on news of the forthcoming rights issue and CRA improved 4 to 162p.

A further expansion of business in Traded Options saw the number of deals transacted rise to 2,806, comprising 1,631 calls and 1,175 puts. BP attracted 343 puts and 173 calls, while ICI, awaiting today's annual figures, recorded 258 calls and 182 puts.

FINANCIAL TIMES STOCK INDICES

	Feb. 24	Feb. 23	Feb. 22	Feb. 19	Feb. 18	Feb. 17	A year ago
Government Secs	66.39	66.80	67.14	66.19	65.65	65.34	69.34
Fixed Interest	66.48	66.46	66.48	65.53	65.33	65.16	71.15
Industrial Ord	552.6	559.0	568.2	562.3	562.2	563.6	502.0
Gold Mines	258.0	249.4	256.0	261.3	262.5	269.6	350.6
Ord. Div. Yield	5.54	5.48	5.40	5.45	5.45	5.43	7.17
Earnings, Yld. % (full)	9.82	9.72	9.57	9.66	9.66	9.63	15.88
P/E Ratio (net) (*)	13.32	13.46	13.67	13.54	13.54	13.58	7.70
Total bargains	20,100	21,567	19,198	16,991	17,986	18,133	24,387
Equity turnover £m.	—	135.98	126.84	101.05	136.47	109.41	132.26
Equity bargains	—	17,488	15,041	12,360	13,868	14,168	18,775

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 556.3. 11 am 555.2. Noon 549.9. 1 pm 550.5.
2 pm 551.3. 3 pm 551.1.
Latest Index 01-246 8026.
* Nil = 11.85.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/5/81)	60.17 (26/20/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/5/81)	61.61 (25/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	249.4 (25/2/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 23	Feb. 22
—Daily Gilt Edged Bargains	226.9	255.7
Equities Bargains	113.3	97.5
Value	274.8	256.4
5-day Avrge. Gilt-Edged Bargains	216.8	213.1
Equities Bargains	94.5	93.1
Value	246.5	240.1

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (22)

COMMONWEALTH LOANS (3)
Aust. 5½pc '81-82 — S. Rhod. 2½pc N-Ass
Do. 6pc 1981-83
AMERICANS (2)
Chase Manhattan — Quaker Oats
BANKS (1)
Wintrust
BEERS (1)
Bulmer (H. P.)
BUILDINGS (1)
Aberdeen Constructn.
ELECTRICALS (2)
Philips Lamps — Security Centres
ENGINEERING (3)
Adwood — Lee (Arthur)
Ductile Steels
INDUSTRIALS (3)
Black (P.) — Ferguson Ind.
Centreway
LEISURE (1)
TVS N-V
NEWSPAPERS (2)
Assoc. Book Pub. — Pearson Longman
PROPERTY (1)
Daejan
TEXTILES (1)
Allied Textile
OIL & GAS (1)
ORE

NEW LOWS (44)

AMERICANS (3)
Damson Oil — Woolworths
Shell Oil
BANKS (1)
Guinness Peat
BEERS (1)
Greenall Whitley
CHEMICALS (1)
Morley (R. H.)
STORES (1)
Wearwell
ENGINEERING (1)
Walker (C. & W.)
INDUSTRIALS (4)
C.H. Industrials — Stonehill
Staneico — Walker & Homer
PROPERTY (1)
Lend Lease
TRUSTS (3)
Japan Assets — Mexico Fund
New Darien Oil
OIL & GAS (20)
Anvil Pet. — Do. 'Ops'
Atlantic Res. — Magellan Pet.
British Borneo — Marinex Pet.
Brunswick Oil — Moonie Oil
Charterhall — Offshore
Clyde Pet. — Szikolene
Dorset Res — Tricentrol
Gulfstrm. Res. Can. — Weeks (Bermuda)
KCA Int. — Do. Pref. (Aust.)
LASMO — Woodside
RUBBERS (1)
Bertam
MINES (7)
Rand London — Olimin
Rand London Coal — Southern Pacific
Bond Corp. — Swan Resources
Central Pacific

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds*		85	7
Corpns. Dom. & Foreign Bonds	17	6	51
Industrials	89	516	782
Financial & Props.	31	237	248
Oils	12	53	45
Plantations		7	17
Mines	63	28	73
Others	54	38	50
Totals*	266	971	1,243

*The number of rises, 1, and falls, 82, shown for British Funds in yesterday's issue were transposed. Amended totals are rises 293 and falls 768.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. or Amount	Times covered	Gross yield	P/E ratio
§30	F.P.	12/2	30	29	Assets Special 10p	29	−½	—	—	—	—
—	F.P.	—	8	2	Do. Warrants 10p	7		—	—	—	—
100	F.P.	12/2	99	91	Baillie GiffordJ'n Tst.	91	−1	—	—	—	—
§100	F.P.	—	39	36	Do. Warrants	38	......	—	—	—	—
†	F.P.	—	357	315	✱Eldridge Pope £1	357	+10	9.5	2.9	3.8	11.0
80	F.P.	13/1	84	81	✱Equipu 10p	83	......	bd3.1	2.1	5.3	12.8
—	F.P.	—	10	7	F&C Enter. Warrants	7	......	—	—	—	—
150	F.P.	4/1	165	156	✱Hayters £1	160	......	10.5	⊕	9.8	⊕
§90	F.P.	5/3	92	89	✱Imm. Bus. Sys. 10p	92	......	—	—	—	—
‖ ‖	F.P.	—	53	48	✱Malaysian Tin 5p	48	......	—	—	—	18.5
§§	F.P.	—	14	4½	Peek Hldgs.	13½	......	—	—	—	9.1
115	F.P.	29/1	132	117	Speyhawk 10p	132	......	bd7.0	2.5	7.8	6.0
‖ ‖	F.P.	—	15½	15	TSW 5p	15	−½	F0.6	—	5.7	—
—	F.P.	—	5	3½	Viners 1p	4	......	—	—	—	—
46	F.P.	19/2	56	47	✱York Mount	55	−1	b4.51	3.9	11.7	2.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	30½	25¾	Barclays 16% Ln. Stk.	29½	−¼
100	F.P.	—	114	111	Boddingtons Brew 9½% Cnv. Ln. 2000-05	111	−1
¶¶	F.P.	—	202	200	Churchbury Ests. 6.4% Cnv. Ln1985	202	......
**	F.P.	26/2	212	210	Do. 8pc Cnv. Ln. 1987	212	......
*19½	F.P.	18/3	13	12	Mid-Kent Water 9⅞% Red. Prf. 1987	13	......
§100	£10	—	100¾	99¾	Nationwide Bdg. Soc. 16% (17/1/83)	100⅛	......
§100	F.P.	—	100¼	100	Do. 15⅜% (7/2/83)	100¼	......
—	F.P.	—	122	105	Viners 10% Cnv. Loan 1988	122	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
244.3	Nil	—	—	7pm	6pm	‡‡Cambrian & Gen. Units	7pm	......
70	Nil	—	—	17pm	8pm	✱Clyde Petroleum	8pm	−5
140	F.P.	19/2	19/3	164	155	Davy Corp.	156	−2
40	Nil	—	—	1½pm	½pm	✱Energy Finance 10p	½pm	−½
55	F.P.	12/2	5/3	118	105	Glass Glover	118	......
220	Nil	26/2	26/3	51pm	39pm	Lovell (Y.J.)	39pm	−1
188	F.P.	11/2	26/3	229	218	MEPC	227	......
25	Nil	26/2	19/3	16pm	10pm	Smith St. Aubyn	13pm	......
45	Nil	—	—	5pm	½pm	Steaua Romana (Brit.)	½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ; Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ✱ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ✱✱ Unit comprising five ordinary and three

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	486	− 6	Hoover "A"	90	− 2
BP	278	− 4	ICI	326	− 6
Daejan	213	+37	Marchwiel	126	−12
Driefontein	£10½	+ 0½	RTZ	433	− 7
Eleco	76	− 6	Thorn EMI	468	− 7
GUS "A"	470	− 8	Ultramar	400	−18

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
Comm. Union	23	144	+12	Tricentrol	15	192	− 2
GEC	22	824	−11	B. H. Prop.	14	495	− 5
NatWest Bank	22	472	− 8	Grand Met.	14	198	− 1
BP	20	282	−10	GUS "A"	14	478	−10
LASMO	20	285	−10	Imperial Group	14	82½	− 1½
Barclays Bank	19	492	− 8	Lonrho	14	75	—
RTZ	17	440	− 8	Racal Elec.	14	365	− 1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Money was given for the call in ICL, Alpine Holdings, Guinness Peat, Trident TV, Singlo, Premier Oil, Woolworths, Zetters, Nimslo, First National Finance, KCA International, Woodside, Huntley and Palmer, Sangers, European Ferries, ICI and North Kalgurli. Puts were arranged in Lasmo, Montague L. Meyer, Midland Bank, South African Breweries, Macarthys Pharmaceuticals, East Rand Cons. and Venterspost. Doubles were taken out in Premier Oil, Nimslo, Barker and Dobson and First National Finance.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed Feb 24 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues Feb 23 Index No.	Mon Feb 22 Index No.	Fri Feb 19 Index No.	Thur Feb 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	364.16	−1.0	9.36	4.38	13.47	367.99	370.70	368.70	369.07	312.49
2	Building Materials (25)	321.00	−1.2	13.57	5.39	8.86	324.88	327.43	323.82	323.86	277.35
3	Contracting, Construction (28)	576.22	−1.8	15.85	4.93	7.41	586.82	586.35	583.49	585.96	484.30
4	Electricals (31)	1243.04	−0.9	7.42	2.32	17.23	1254.02	1265.58	1261.23	1264.38	1021.91
5	Engineering Contractors (9)	511.01	−0.1	12.36	5.73	9.46	511.45	511.15	510.34	509.60	414.69
6	Mechanical Engineering (67)	191.40	−0.9	10.96	5.75	11.62	193.04	194.67	193.51	193.97	185.04
8	Metals and Metal Forming (12)	166.23	−1.0	7.31	7.32	19.19	167.95	168.30	167.03	166.41	148.96
9	Motors (21)	96.91	−1.2	—	6.87	—	98.07	98.77	98.65	98.25	90.73
10	Other Industrial Materials (17)	394.70	−1.4	8.02	5.82	15.47	400.40	403.87	401.27	400.07	319.15
21	CONSUMER GROUP (198)	291.42	−1.5	12.59	5.68	9.74	295.85	299.15	295.20	294.42	251.07
22	Brewers and Distillers (21)	286.27	−1.9	16.43	6.82	7.32	291.91	295.05	291.83	290.94	275.39
25	Food Manufacturing (21)	281.28	−1.2	15.03	6.08	7.98	284.67	286.66	283.13	282.29	224.61
26	Food Retailing (15)	600.98	−2.1	8.95	3.32	13.60	614.06	615.40	613.74	612.51	465.60
27	Health and Household Products (7)	371.36	−1.0	8.42	4.31	13.96	374.94	381.40	376.24	373.71	259.41
29	Leisure (24)	443.44	−1.8	9.36	4.98	13.48	451.76	457.68	450.56	445.40	368.58
32	Newspapers, Publishing (12)	508.72	−1.2	11.40	6.12	11.63	515.12	513.54	509.26	510.30	446.61
33	Packaging and Paper (13)	146.26	−0.5	13.68	7.37	8.74	146.98	148.97	147.67	148.26	126.70
34	Stores (45)	262.28	−1.7	10.99	5.15	12.16	266.78	271.24	265.44	264.99	262.18
35	Textiles (23)	168.39	−1.2	9.75	5.94	13.32	170.43	171.10	169.83	168.89	144.12
36	Tobaccos (3)	309.17	−1.1	19.60	8.43	5.82	312.64	314.79	312.31	314.79	226.33
39	Other Consumer (14)	271.80	−1.3	7.07	6.57	23.44	275.48	275.52	272.95	272.90	263.48
41	OTHER GROUPS (79)	252.38	−1.2	10.20	5.60	12.43	255.33	257.57	257.14	256.73	220.35
42	Chemicals (16)	335.48	−1.5	5.93	5.58	25.23	340.45	343.79	343.44	344.32	282.43
44	Office Equipment (4)	123.94	−0.8	12.99	6.93	9.37	124.96	125.44	125.57	126.64	106.36
45	Shipping and Transport (13)	566.80	−0.5	18.91	6.52	6.30	569.83	582.45	583.15	579.07	572.75
46	Miscellaneous (46)	315.81	−1.1	11.53	5.14	10.57	319.25	320.77	319.60	317.71	272.51
49	INDUSTRIAL GROUP (487)	311.29	−1.3	11.06	5.19	11.23	315.33	318.30	315.52	315.16	268.19
51	Oils (13)	640.43	−1.6	22.21	8.81	5.10	650.90	678.17	674.33	673.98	850.77
59	500 SHARE INDEX	338.19	−1.3	12.75	5.74	9.50	342.75	347.03	344.79	344.43	314.40
61	FINANCIAL GROUP (117)	262.54	−1.1	—	5.85	—	265.56	265.84	261.82	261.10	248.30
62	Banks (6)	296.69	−1.1	34.48	6.55	3.28	299.94	304.42	296.68	289.32	236.55
63	Discount Houses (9)	230.30	−1.0	—	9.42	—	232.74	233.23	229.18	228.60	313.39
65	Insurance (Life) (9)	255.75	−1.2	—	6.26	—	258.91	258.09	257.13	258.19	258.30
66	Insurance (Composite) (10)	164.56	−2.1	—	8.23	—	168.04	165.00	162.61	164.04	159.68
67	Insurance Brokers (7)	436.01	−1.5	10.21	5.23	13.24	442.56	441.85	435.92	438.74	348.84
68	Merchant Banks (12)	146.95	−1.2	—	5.55	—	148.71	149.61	149.97	150.03	152.03
69	Property (49)	461.30	−0.3	4.63	3.20	28.87	462.88	464.27	456.63	458.63	486.92
70	Other Financial (15)	186.39	−1.2	15.30	5.81	8.01	188.63	189.34	188.53	188.50	176.71
71	Investment Trusts (112)	306.93	−0.9	—	5.31	—	309.84	311.77	311.26	312.56	289.19
81	Mining Finance (4)	222.25	−1.1	15.50	6.40	7.76	224.73	228.79	226.87	225.23	219.46
91	Overseas Traders (17)	404.61	−1.5	12.91	7.87	9.46	410.83	416.25	415.30	415.06	450.88
99	ALL-SHARE INDEX (750)	320.55	−1.3	—	5.78	—	324.67	327.98	325.47	325.09	300.69

FIXED INTEREST

	PRICE INDICES	Wed Feb 24	Day's change %	Tues Feb 23	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	108.24	−0.15	108.40	—	2.65
2	5-15 years	106.27	−0.68	107.00	—	2.11
3	Over 15 years	108.90	−0.84	109.82	—	2.40
4	Irredeemables	118.05	−0.46	118.60	—	1.28
5	All Stocks	107.52	−0.56	108.13	—	2.34
6	Debentures & Loans	83.86	+0.15	83.73	—	1.60
7	Preference	63.14	+0.05	63.11	—	1.56

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 24	Tues Feb 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.49	12.38	11.25
2		15 years	13.14	13.02	12.22
3		25 years	12.90	12.79	12.45
4	Medium Coupons	5 years	14.71	14.61	13.82
5		15 years	14.56	14.41	13.79
6		25 years	14.01	13.86	13.65
7	High Coupons	5 years	14.72	14.59	13.06
8		15 years	14.73	14.59	14.08
9		25 years	14.34	14.22	13.85
10	Irredeemables †		12.57	12.50	11.64
11	Debs & Loans	5 years	15.66	15.78	14.13
12		15 years	15.53	15.56	14.43
13		25 years	15.46	15.44	14.44
14	Preference †		15.62	15.62	14.37

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	56.9	61.2xd	+0.2	2.37
Capital	38.8	41.9	−0.7	4.07
(Accum. Units)	50.0	54.1	−0.9	4.07
General	60.5	65.4xd	−1.3	4.69
Gilt & Fixed Int.	101.9	107.3	−0.8	12.21
Income	39.2	42.4xd	−0.4	8.82
Worldwide Bond	107.2	113.4	+0.6	4.85
Inv. Tst. Fd.	54.7	59.1	−0.4	4.06
Equitas Prog.	84.1	90.9	−1.5	4.50

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	88.5	93.1xd	−0.6	13.34

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	91.5	97.9xd	−1.5	5.51
Brit. Inds. Fund	81.4	87.1	−1.4	5.13
Growth & Income	58.8	62.9	−0.9	3.97
Elect. & Ind. Dev.	47.4	50.7	−0.4	4.26
Allied Capital	102.1	109.2	−1.9	4.57
Hambro Fund	140.0	149.8	−2.8	5.40
Hambro Acc. Fund	204.5	218.8	−3.4	4.57

Income Funds

High Yield Fd.	69.1	73.9xd	−0.8	8.61
High Income	88.1	94.3	−1.5	6.79
Equity Income Fd.	48.7	52.1xd	−0.7	7.08
Govt. Secs.	24.7	25.3	−0.2	12.57

International Funds

International	93.9	96.3xd	−0.2	2.53
Japan Fund	29.2	31.2	.....	0.53
Pacific Fund	67.2	71.9	−0.2	1.31
American Spec. Sits.	—	24.0	.....	1.70
Secs. Of America	79.3	84.9	+0.3	2.89

Specialist Funds

Smaller Co.'s Fd.	60.1	64.3	−0.2	3.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99⅞	98	Treas. Variable '82‡‡	99⅞	.....	14.14	14.12
96½	93	Treasury 8¼pc '82	98	.....	8.39	13.15
97	93	Exch. 9¼pc 1982	97xd	.....	9.47	13.63
96⅛	92⅝	Exch. 8¼pc 1983	96⅜	.....	9.08	13.26
94	84⅞	Exch. 3pc 1983	93¾	.....	3.20	9.78
99⅛	95	Treasury 12pc 1983‡‡	98¼xd	-⅛	12.20	13.76
99⅝	96¾	Treas. Variable '83‡‡	99⅝	.....	14.17	14.34
96⅜	90⅛	Treasury 9½pc '83	96	-⅛	9.64	12.46
101	95¼	Exch. 13½pc '83	99⅝	-⅛	13.55	13.68
95½	89¼	Exch. 10pc 1983	95⅛	-⅛	10.51	13.08
90½	83½	Funding 5½pc '82-84‡‡	90	-¼	6.11	11.52
96¾	90	Exch. 11¼pc 1984	96⅛	-⅛	11.70	13.53
103	95¼	Exchequer 14pc 1984	99⅞	-⅛	14.02	14.03
84½	77	Exch. 3pc 1984	83½	.....	3.59	11.28
98⅜	90½	Treasury 12pc 1984	96xd	-⅛	12.58	13.91
107¼	95⅞	Treasury 15pc 1985	101¼	-¼	14.74	14.26
98⅞	88¼	Exch. 12pc Cnv. '85	94¾xd	-¼	12.66	14.19
78⅓	71	Treasury 3pc 1985	77¼	-⅛	3.86	11.41
96	85¼	Treasury 11½pc 1985	92¼	-¼	12.47	14.47
98⅞	87⅝	Exch. 12¼pc 1985	93⅜	-¼	13.12	14.57
97⅛	84¾	Exch. 11¾pc '86	91⅝xd	-⅜	12.82	14.59
74¼	65¾	Treasury 3pc 1986	73¼	-½	4.10	11.09
97	84½	Treasury 12pc '86	91½	-¼	13.11	14.71
88⅝	78½	Treasury 8½pc '84-86‡‡	82½	-¼	10.30	13.98
97¼	91⅞	Exch. 14pc 1986	96⅝	-⅜	14.49	15.00
103⅞	90	Exch. 13¼pc 1987	94⅜	-⅜	14.04	14.88
21⅝	20	Do. A (£20pd)	20¼	-⅝	14.10	15.01

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
81¾	71⅛	Funding 6½pc '85-87‡‡	79	-⅝	8.45	12.70
65⅝	64½	Treasury 3pc 1987	64⅞	-⅛	4.65	12.19
93¼	81½	Treas. 12pc 1987	92⅝	-¼	13.50	14.94
81⅛	72¼	Treasury 7¾pc '85-88‡‡	77¼	-½	10.85	13.47
65½	58⅝	Transport 3pc '78-88	62	-⅜	4.87	11.77
92⅞	79	Treasury 11½pc 1989	85¼xd	-⅜	13.50	15.00
67¼	59¾	Treasury 5pc '86-89	65⅛	-⅜	7.90	12.62
101½	85¼	Treasury 13pc 1990‡‡	93⅛	-⅜	14.18	14.81
95	81⅝	Exch. 12½pc 1990	88xd	-¼	14.07	14.93
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	75⅝	-½	11.15	13.55
93⅛	77¼	Treasury 11¾pc 1991	86⅛	-½	13.88	14.91
66¼	57	Funding 5¾pc '87-91‡‡	64⅜	-⅜	9.26	12.94
90	72⅝	Exch. 11pc 1991	84½	-½	13.62	14.77
98⅓	81¼	Treasury 12¾pc '92‡‡	90¾	-¼	14.24	14.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
107¼	90⅝	Treasury 14½pc '94‡‡	98¼xd	-¼	14.75	14.81
104¼	82⅝	Exchequer 13½pc 1994	96¼	-⅝	14.71	14.97
95⅝	79¼	Exch. 12½pc 1994	87¼xd	-½	14.34	14.79
79⅓	63¼	Treasury 9pc '94‡‡	74	-½	12.58	13.79
92⅞	75⅞	Treasury 12pc '95	85⅛	-⅞	14.27	14.78
51¼	42	Gas 3pc '90/95	46⅛	-⅜	6.64	10.96
83	68	Exch. 10¼pc 1995	76¾	-½	13.53	14.37
100⅓	79½	Treasury 12¾pc '95‡‡	92⅝	-¼	14.32	14.60
104⅞	85⅝	Treas. 14pc '96	96⅛	-⅝	14.76	14.88
76⅓	63¼	Treasury 9pc '92/96‡‡	70⅝xd	-½	12.75	13.80
115⅝	91⅝	Treasury 15¼pc '96‡‡	107⅛	-¼	14.90	14.84
103½	82	Exchequer 13¼pc '96‡‡	95⅝	-¼	14.41	14.60
100¼	90¼	Treas. 2pc I.L. '96‡‡	93¾xd	-¼	2.47	3.26
50¼	42⅛	Redemption 3pc 1986-96	45¼xd	-⅜	6.61	10.32
101⅛	82¼	Treasury 13¼pc '97‡‡	93	-⅞	14.44	14.61
83⅞	69½	Exchequer 10½pc 1997	77⅛	-½	13.63	14.25

Over Fifteen Years

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
74¾	62⅛	Treasury 8¾pc 1997‡‡	68¼xd	-½	12.71	13.62
106⅝	92¾	Exch. 15pc 1997	105½	-¼	14.87	14.83
65⅝	51⅜	Treasury 6¾pc '95-98‡‡	60¾	-½	11.52	12.98
114½	94½	Treas. 15½pc '98‡‡	103¼xd	-¼	14.83	14.77
95⅛	74⅝	Exch. 12pc 1998	87¼	-¼	14.19	14.48
79⅜	65½	Treasury 9½pc 1999‡‡	73⅛	-½	13.14	13.75
94	76⅝	Exch. 12¼pc 1999	84⅞xd	-⅞	14.27	14.54
86¼	67⅝	Treasury 10½pc 1999	79½	-½	13.69	14.13
100	81¾	Treas. 13pc 2000	92	-⅜	14.36	14.48
107⅓	85	Treas. 14pc '98-01	99¼	-⅝	14.64	14.68
93¼	75⅞	Exch. 12pc '99-02	85¾	-⅜	14.18	14.34
104⅞	85¼	Treas. 13¾pc 2000-03	95⅝	-¼	14.56	14.60
90	73½	Treasury 11½pc '01-04	81⅞xd	-¼	13.93	14.09
41⅛	33	Funding 3½pc '99-04	36¼	-⅜	9.63	11.44
99¼	78	Treasury 12½pc '03-05	91½	-⅜	14.17	14.23
91¼	86⅜	Treas. 2pc IL '06‡‡	88	-¼	2.52	3.01
68¼	56¼	Treasury 8pc '02-06‡‡	66¾	-½	12.58	12.92
92½	75⅛	Treasury 11¾pc 03-07	84⅞	-⅞	14.02	14.13
103⅛	84¾	Treas. 13½pc '04-08	93⅝xd	-¼	14.26	14.27
35¾	35	Treas. 2½pc IL 2011‡‡	35⅝	-⅛	2.78	3.01
50⅝	41⅛	Treasury 5½pc '08-12‡‡	46¼xd	-½	11.72	12.10
66¼	55¼	Treasury 7¾pc '12-15‡‡	62⅜	-½	12.53	12.69
98⅛	79⅜	Exch. 12pc '13-'17	90⅝	-¼	13.61	13.59

Undated

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
33¾	27⅜	Consols 4pc	30⅛	-⅛	13.39	—
32¼	24⅝	War Loan 3½pc‡‡	28⅞	-⅛	12.48	—
37⅝	30½	Conv. 3½pc '61 Aft.	32⅞xd	-⅛	10.66	—
25	20⅛	Treasury 3pc 66 Aft.	23	-⅛	13.74	—
21⅛	17⅓	Consols 2½pc	19⅞	-⅛	12.80	—
21	16¼	Treasury 2½pc	18⅞xd	-⅛	13.08	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99⅝	90½	Finland 14½pc Ln 1986	96½	.....	15.03	15.65
96¼	87	Int. Bank 5pc '77/82	96¼	.....	5.20	13.36
99	89	Do. 13½pc Ln 1986	95¼	.....	14.17	15.05
101	94⅔	Mex 16½pc 2008	98½xd	-½	17.70	16.81
100	88¼	Sweden 13½pc 1986	95½xd	.....	14.14	15.01

CORPORATION LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
93½	83¾	Bath 11¾pc 1985	90¼	-¼	12.46	14.73
98	86¼	Birm'ham 12½pc 1985	94¼	-¼	13.41	15.15
102	86	Burnley 13pc 1987	94¼	.....	14.24	15.46
95½	80¼	Cardiff 11pc 1986	87	.....	12.62	14.95
100⅛	97⅛	G.L.C. 12½pc '82	99½	.....	12.56	14.34
99	93½	Do 12½pc 1983	97¾	-¼	12.79	14.29
96⅓	92½	Glasgow 9¼pc '80-82	96¾	.....	9.56	14.11
75½	67½	Herts 6¾pc 1985-87	74xd	..	9.17	13.82
93⅓	79⅓	Leeds 13½pc 2006	95¼	.....	14.98	15.03
91⅓	86	Liverpool 9¾pc '80-84	91¾	.....	10.72	14.68
26	21½	Do 3½pc Irred	24¼	.....	14.99	—
100½	94½	Lon. Corp. 13¼pc '83	98½	-⅛	13.48	14.39
88⅓	82¼	Do. 9¼pc '84-85	87	.....	10.63	13.94
83½	78	LCC 5½pc '82-84	83½	.....	6.59	13.81
71½	63¼	Do 5½pc '85-87	70¼	..	7.95	13.91
70¼	5h	Do 6¾pc '88-90	63¼	.	10.76	14.59
25¼	18¼	Do 3pc '20 Aft.	22	.	13.79	—
97¼	89½	Sunderland 12¼pc 1983	95	.	12.92	14.42

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
101⅓	92¼	Aust 5½pc '81-82	101⅛	+⅛	5.54	13.37
90	62½	Do. 6pc 1981-83	90	+½	6.77	13.41
62¼	57	N.Z. 7¼pc 1988-92	62½	+½	11.80	14.56
81¼	74	Do. 7½pc '83-86	81	+1	9.41	13.92
145	115	S. Rhod. 2½pc Non-As.	143	+1	—	—
66	43	Do 3½pc 80-85 Assd	65	.	5.52	17.40
43	26	Do 4½pc 87-92 Assd	36xd	.	12.50	19.00
395	320	Zimbabwe Ann (£100pd)	372	-9	—	22.37

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
275	20	Anglo-Dominion	20	......	—	—	—
25½	12	Burma Mines 10p	15	......	0.75	0.9	7.1
330	75	Colby Res. Corp.	75	......	—	—	—
330	200	Cons. Murch. 10c.	275	......	Q60c	ϕ	11.6
10	5	‡‡Explaura Gold	8	......	—	—	—
98	47	††Hemerdon 10c.	60	......	—	—	—
180	65	Highwood Res.	85	......	—	—	—
505	200	Northgate C$1	200	......	—	—	—
633	372	R.T.Z.	433	−7	16.0	2.3	5.3
£130½	£93½	Do.9%%Cn.Uns.Ln.'95-2000	£102	−1	Q9½%	—	f9.5
103	13	††SPO Minerals 10p	14	......	—	—	—
47	15	Sabina Inds. C$1	19	−1	—	—	—
44	21	♣Southwest C. 10p	33	−1	—	—	—
650	355	Tara Expln. $1	425	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. [illegible]

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES
Thursday February 25 1982

Reactor produces oil from garbage

By Nick Garnett, Northern Correspondent

HIGH QUALITY crude oil is being produced from Manchester's refuse in a pilot plant which designers claim is a major breakthrough in making synthetic fuel.

The reactor, designed by the University of Manchester Institute of Science and Technology, transforms garbage into oil at the rate of 10 tonnes of refuse to 26 barrels of oil (a barrel of oil weighs 0.136 tonnes).

The process is believed to take only five to 10 minutes effectively doing the work that has taken nature 150m years.

Detailed cost analysis by the University and Greater Manchester Metropolitan Council, which has contributed £500,000 to the research—partly channelled through Salford University Industrial Centre—indicates that oil could be produced commercially at a cost of $15 a barrel. This includes the estimated £20m to build a full conversion plant.

The council is expected soon to look for companies to build an operational refuse-to-oil conversion plant. It is also preparing to alter one of its refuse handling plants so it can provide the University of Manchester Institute's reactor with more suitable feedstock.

Patents have been filed by the inventors—Dr Noel McAuliffe and Mr Roger Benn, an institute lecturer—through the Salford University Industrial Centre and assigned to Greater Manchester. The team believes 3 per cent of UK energy needs can be derived from refuse.

The University of Manchester Institute of Science and Technology is, however, involved in a longer-term project for using solar energy to convert plant life straight into fuel. It has already converted grass directly into oil. Dr McAuliffe said this was "UK-based technology which could have a global impact."

The oil produced by the reactor has a calorific value of about 40,000 megajoules a tonne—equivalent to good quality Middle Eastern crude. It contains no sulphur and no nitrogen, so by oil standards it is virtually non-polluting. The principal byproducts are water and carbon dioxide, which is simply being recycled and can be released safely into the air.

The reactor uses heat, pressure, a metallic catalyst, and a processing liquid to convert cellulosic refuse—paper, cardboard, vegetable materials—as well as small elements of noncellulosic matter.

Reagan unveils plan for Caribbean trade and aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday formally launched his long-awaited aid, trade and investment plan for the countries of the Caribbean Basin, intended to "check the spread of Communist and left-wing subversion."

The centrepiece, he said, was a "one-way free trade system" under which duty-free entry to the U.S. would be guaranteed for 12 years to all the exports of the 20 or more countries involved, except for textiles and clothing. Mr Reagan was addressing the Organisation of American States, in Washington.

The programme, which must be approved by Congress, also calls for an increase of $350m in economic assistance in the 1982 budget year, bringing the total to $824m, and tax incentives to promote private U.S. investment in the area.

A proposed $60m increase in military assistance would bring total 1982 U.S. military aid to the region to $172m, maintaining Mr Reagan's target of an approximate ratio of five to one between economic and military aid.

Officials said possibly $100m or more of the $350m extra economic aid would go to El Salvador. Costa Rica and Jamaica would also be major recipients.

Mr Reagan did not, however, announce any action against Cuba or Nicaragua, and concentrated on the economic details of his programme. This he described as an unprecedented U.S. commitment to the region.

Anticipating domestic opposition to his free trade plan Mr Reagan stressed that safeguards would be available against "disruptive" imports and promised new markets for U.S. exports as the Caribbean economy developed.

He said about 87 per cent of the area's exports already enter the U.S. duty-free under the Generalised System of Preferences (GSP). U.S. officials, however, stressed the value of the 12-year duty-free guarantee to investors and said the plan was intended to encourage diversification into new export areas.

Although textiles would continue to be covered by the existing Gatt Multi-Fibre Arrangement (MFA), officials said the Government intended to allow more favourable access for Caribbean products on a case-by-case basis. Duty-free sugar exports from principal producers would be limited to 110 per cent of their historic high levels.

Mr Reagan made clear that while "we seek to exclude no one" only those countries with favourable attitudes to democracy and private enterprise would benefit from the programme. Cuba did not figure on a White House list of potential participants although Nicaragua did.

Mr Reagan stressed that the Caribbean basin, which includes countries in Central America and northern South America, was a vital strategic and commercial artery for the U.S. Nearly half U.S. trade, two-thirds of its imported oil and more than half of its imported strategic minerals passed through the Panama Canal or the Gulf of Mexico.

He mentioned Colombia as another potential source of aid and said Washington would encourage its European, Japanese and other Asian allies, as well as multi-lateral development institutions, to increase aid to the region.

Strikes deliver setback to Jamaican economy, Page 6

Hong Kong scraps withholding tax on foreign currency deposits

BY KEVIN RAFFERTY IN HONG KONG

WITHHOLDING taxes on all foreign currency deposits in Hong Kong will be scrapped from today, Mr John Bremridge, the Financial Secretary, said in his Budget speech yesterday.

He said the tax on interest had been scrapped because of fears that it was driving potential investors to other financial centres, most likely Singapore.

The move had come "after long internal debate and much heart searching."

He also announced a cut in taxation of interest on Hong Kong dollar deposits from 15 per cent to 10 per cent. "The Hong Kong Government considers that the continuing growth of Hong Kong as an international financial centre is worthy of encouragement."

He also increased personal tax allowances, offered concessions on estate duties, and raised the depreciation allowance for spending on new plant and equipment from 35 to 55 per cent.

In spite of the tax concessions, which Mr Bremridge estimated would cut revenues by HK$1.37bn over the fiscal year, he forecast a budget surplus of HK$2.3bn. There would also be a surplus of about HK$2.6bn from the newly created capital works reserve fund. Falling revenue from land sales had forced the Hong Kong Government to revise the budget surplus for the current year from HK$7.9bn to HK$7.7bn.

The Hong Kong Government is expecting economic growth to slow to 8 per cent in 1982 from 10 per cent last year. Inflation, Mr Bremridge predicted, would slow to 12 per cent from 15 per cent last year.

Hong Kong's business community greeted the Financial Secretary's first budget enthusiastically. The removal of the withholding tax on foreign currency deposits has been strongly resisted for some time by the authorities for fear of losing revenue.

Mr Bremridge said yesterday that the banks had argued that the fiscal consequences of the repeal could be afforded and would be offset by bigger yields on profit taxes, and from increased business for banks and other financial institutions. He estimated the repeal of the foreign currency withholding tax and the cut affecting local currency deposits would reduce revenues by about HK$400m.

Mr Paul Myners of Rothschild said: "The tax has acted as a disincentive to deposit gathering in Hong Kong because there was no clear legal opinion on the tax. As a result, Singapore developed as a funding centre at the expense of Hong Kong. Now there will no longer be any problem about Hong Kong's strong emergence as a funding centre."

Mr Bremridge promised prudence in public spending and talked of the "imperative need to control its universally prolific and weed-like growth."

He expressed determination to ensure Hong Kong's competitive environment. "A policy directed towards the survival of the fittest may seem harsh and unfeeling but it has been shown to be appropriate in the particular circumstances of Hong Kong."

Nuclear action at Stock Exchange

By Barry Riley

STRONG EMISSIONS of radioactive material are expected to be detected on the floor of the Stock Exchange this morning, as eager new-issue speculators, or stags, take their profits on Amersham International.

Dealers were considering whether to celebrate the occasion by wearing special anti-nuclear contamination or "Noddy" suits but have apparently decided against it. "It's going to be incredibly hot," said one jobber last night.

About 65,000 applicants have been successful in obtaining shares in Amersham, the radioactive chemicals company floated off by the Government last week. In all £1.75bn was put up for shares valued at £71m.

Big institutional investors were scaled down to 3½ per cent of the amount applied for, raising hopes among the smaller speculators that the big funds would be heavily in the market this morning as they sought to build up their holdings to worthwhile levels.

Some guess that the shares will open at 170p compared with the issue price of 142p, but a more popular estimate last night was 180p.

At 9.30 this morning the three firms of jobbers dealing in the shares will come out of a huddle with representatives of the "shop"—the company's brokers Cazenove—and the initial price will be set.

It is expected that by nightfall far fewer than 65,000 shareholders will remain.

The huge speculation in Amersham has led to major shortages in the money markets and to heavy criticism by the Opposition in Parliament.

About 70,000 official prospectuses were printed, and nearly 200,000 applications made on forms cut from newspapers.

But despite the political fall-out, the flood of money has brought a bonus for the Exchequer, which gains interest on money temporarily held before repayment to unlucky applicants. This is said to have raised the effective proceeds for the Government to more like 150p a share.

Experienced new issue stags were contacting their banks yesterday to find out whether their cheques had been cashed, a sure sign of success in the ballot.

THE LEX COLUMN

The strains show at Hoover

Even after setting aside £17.2m in 1981 for rationalisation, Hoover still has overcapacity in the UK. Exceptionals have swollen the pre-tax loss last year to £31m, compared with the £1.4m loss in 1980, while the underlying trading loss in the UK company adds up to £12.4m, against a profit of £2.4m in the previous year. The trading trend has continued to move the wrong way, with the bulk of the UK loss—some £10m—coming in the second half.

This year the group will operate with reduced overheads, unchanged wage rates and slightly higher prices. So far, at least, a 4 per cent price rise has been sticking. New ranges of both washing machines and vacuum cleaners are also being launched. Yet while demand remains depressed productivity improvements are undermined by short-time working, and there is little sign of slackening in import competition.

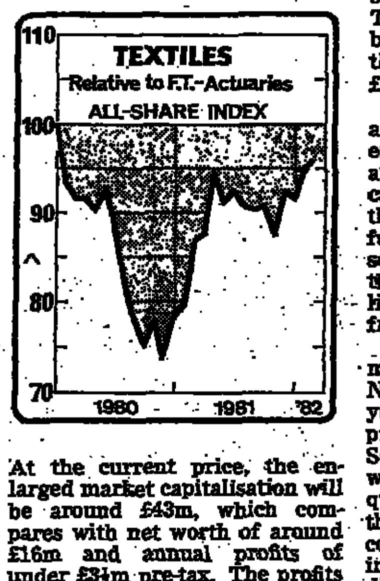
At the same time the burden of interest payable has been rising steadily, in line with the increase in net debt from £15m to perhaps £24m. Net debt now represents about 40 per cent of shareholders' funds, and has been kept in check mainly through a £9m reduction in stocks. The group may not be much above breakeven this year, so the room for manoeuvre is limited if it is to remain capable of financing an upturn with any comfort. The "A" shares fell 2p yesterday to 90p, leaving a market capitalisation of just £18m.

Ansbacher

With a tiny balance sheet and poor profitability, merchant bank Henry Ansbacher has never had much of a role to play in life. Now it has found one, and on an ambitious scale. After merging with Seascope, an insurance and shipbroking concern, and making a very heavy rights issue, it will be operating on quite a different scale. Its outstanding capital will shoot up from 99m to 247m shares, and it will have a powerful new shareholder in the shape of Touche Remnant, the big investment trust group. Ansbacher has left itself with quite a margin of unissued share capital and gives the impression that there are more deals in the pipeline.

This is the kind of story that goes down well in the City—which is evident in the remarkable amount of hope value already reflected in the shares.

fell 6.4 to 552.6



At the current price, the enlarged market capitalisation will be around £43m, which compares with net worth of around £16m and annual profits of under £3½m pre-tax. The profits record of the merged companies is not too inspiring. But Ansbacher evidently wants to conquer the world, and with paper valued like that, it might just succeed.

Burmah Kroda

Burmah's battle for Croda is approaching High Noon. To win the day, Burmah will have to increase its present cash offer of 70p per share. And under the Takeover Code, a higher bid will have to be in the post to shareholders by Monday.

At this crucial stage, Croda has now come up with a profits forecast of about £16m pre-tax for 1982, three-fifths more than the estimated outcome last year. This is rather better than analysts had been expecting, and goes part of the way towards justifying the big dividend boost already promised for this year. It also helps to underpin the current share price of 82p, where the prospective yield is 12.2 per cent and the market capitalisation £92m.

Burmah must be hoping for a gloomy statement about the chemical industry from ICI this morning: that could make a noticeable difference to the final price. Croda has to pray that its institutional shareholders will sit on their hands if (when?) their telephones start to ring tomorrow morning.

Carrington Viyella

Carrington Viyella cut its pre-tax losses almost in half last year and the UK interests are pointing in roughly the right direction. The final quarter showed a trading profit of £1.7m. There is now some prospect of break-even at the pre-tax level this year, after a 1981 loss of £4.4m.

But Carrington's balance sheet allows it very little margin for error. Reserves are still falling at a faster rate than working capital, and net debt represents three quarters of shareholders' funds. The revenue account is so heavily loaded with debits that there is no immediate likelihood of stemming the flow from reserves.

So Carrington's first priority must be to reduce its debt load. Net borrowings fell £5m last year, precisely equivalent to the proceeds of selling off half its South African subsidiary. Net working capital dropped by a quarter, but this was largely thanks to industrial surgery costing £10.7m. The only immediate way out of the dilemma seems to be the sale of assets.

Carrington's treatment of two 50 per cent owned companies slightly confuses the underlying trend. Its new warp knitting venture, on which the return on capital is negligible, is in as an associate, while its highly profitable South African company (which accounts for all of the tax charge) is consolidated.

Carrington is making big strides on the reduction of fixed costs. But the market capitalisation of £22.7m at yesterday's share price of 12½p—half par value—gives some idea of the distance still to be travelled.

Lonrho

Lonrho never does things by halves, even where such mundane matters as raising its borrowing limits are concerned. It wants shareholders to approve both a widening in the equity base against which borrowings are measured—through the inclusion of associates—as well as an increase in the multiplier from two to three times. The increase is not quite as forward looking as implied by an airy reference to a limit of £976m, comfortably above £589m of debt. In fact, the group is very much closer to its present borrowing limit, which is established without the benefit of the reserves of associates. Whatever the precise figures, it is clear that Lonrho's enthusiasm for growth, and risk-taking remains undimmed.

Continued from Page 1

Air fares

Although crude oil prices have been falling recently the airlines still face fuel price rises which have been in the pipeline for some time. Iata reckons the world airline industry's net revenues run at about $1bn behind previously announced fuel price rises. This is due to the time lag involved in airlines and governments agreeing fares increases to compensate for rising fuel costs.

The planned fare rises are not seen as having any connection with the demise of Laker Airways. Laker, although not an Iata member, and therefore not a party to the Miami talks, had agreed at the time to recommend increases in fares. It had been expected to implement higher fares this spring.

The planned fares rises cover routes between the U.S. and the UK, Ireland, West Germany, Belgium, Holland, Portugal and Switzerland.

Talks are under way in Geneva to settle fares rises between the U.S. and other European countries, including France, Italy, Spain and the Scandinavian countries. These discussions may end this week, with agreement on comparable rises to those now being implemented.

Henry Ansbacher to expand

BY WILLIAM HALL, BANKING CORRESPONDENT

TOUCHE REMNANT, one of the City's biggest investment management groups, will take a 20 per cent stake in Henry Ansbacher as part of a move to expand the small merchant bank into a trade orientated financial services group.

It will pay £5m for 50m Ansbacher shares and £950,000 for the bank's investment management business.

Ansbacher will acquire Seascope Holdings, a ship and insurance broking operation. It will help finance the Seascope acquisition with a nine for ten rights issue at 10p a share to raise £8.6m. It will pay £5.7m in cash and issue 60m shares which will give Seascope's shareholders about 24 per cent of the enlarged group.

The rights issue will result in the issue of 88.8m new shares and a reshuffle of the holdings of the major shareholders.

The Lissauer Group, a metal and commodity trader, will take up some of its rights issue but its overall stake in Ansbacher will fall from 49 per cent to 21.6 per cent. The stake of Sir Maxwell Joseph's Grand Metropolitan will fall from 18.7 per cent to 7.4 per cent. Grand Met acquired its stake in Ansbacher in the early 1970s. Lissauer acquired its stake a few years later.

The new group will have net tangible assets of £15.7m, attributable profits of about £2m and a staff of 250.

The Ansbacher share price closed 1p down at 17½p yesterday.

Mr Charles Williams, managing director of Henry Ansbacher, will become chief executive of the new group. Mr D. H. LeRoy Lewis, deputy chairman of Touche Remnant, will become chairman. Five members of the Seascope board will join Ansbacher's board.

Building society

Continued from Page 1

duce 250,000 Leicestercards. Citibank and other participants such as the RAC, Prudential Assurance and Marley Homecare will bear the cost of much of the promotion.

Leicester is planning to spend more than £1m on advertising between May and July. It claims that more than half of its 1m investment account members would qualify for a card immediately and a further 250,000 could "easily trade up."

Andrew Taylor writes: Abbey National building society said yesterday that it was working on a scheme to provide investors with cheque book facilities. Mr Clive Thornton, chief general manager, said that an agreement for clearing Abbey cheques had been reached with a clearing bank.

He supported the Leicester's move, but other society chiefs were more cautious. Mr Stanley Walker, chief general manager of the Leeds Permanent, said that the cost of providing the facilities would prove prohibitive. He doubted whether many societies would follow suit.

Halifax Building Society, the country's largest, already offers its savers a cheque book facility but this is run as a separate facility to the building society operation.

Trade unions in 'Workers' Bank' project

BY JOHN LLOYD, LABOUR EDITOR

A GROUP of trade unions, in association with the Co-operative Bank, plans to set up a deposit-taking and lending institution later this year as the first step in the establishment of a fully fledged "Workers' Bank."

A meeting yesterday of union treasurers and Co-operative Bank officials under the chairmanship of Mr David Basnett, general secretary of the General and Municipal Workers' Union, agreed to contribute equally to an initial capitalisation of £2.5m.

The board of directors will be equally composed of Co-op Bank and union officials. City offices have been arranged, though it is likely that regional branches of the new institution will initially use the bank's premises.

Other unions besides the GMWU which will participate in the venture include the Transport and General Workers, the Amalgamated Union of Engineering Workers, the National Union of Public Employees, and the Association of Scientific, Technical and Managerial Staffs.

Some of their general secretaries will be directors of the institution.

Under the terms of the 1979 Banking Act the venture must initially confine its activities to taking deposits and lending funds. It will take deposits from and lend to unions, but its founders are anxious to extend its scope to other bodies.

The project, largely the initiative of Mr Basnett, is expected to start modestly, but has the ambition of building up to the commanding positions held by the West German trade union bank, the Bank für Gemeinwirtschaft, and the Israeli equivalent, the Bank Hapoalim.

Mr Lewis Lee, the Co-op Bank's chief general manager, said yesterday: "We are not worried about competition from the new bank. There is a big market place out there and we look forward to tackling it together."

Once it acquires full bank status the venture will direct its attention to the nearly 50 per cent of the population which is "unbanked"—largely manual and low-paid clerical workers.

It has no name yet, but most of those involved in its creation believe that "Workers" should feature in the title.

Weather

UK TODAY

OUTBREAKS of sleet or snow in southeast, showers elsewhere.

London, S.E. England
Sleet or snow dying out later. Max. 4C (39F).

E., N.E. England
Outbreaks of rain dying out. Max. 6C (43F).

Midlands, Wales
Rain at first, becoming brighter. Max. 7C (45F).

S.W. England, N. Ireland, N.W. Scotland
Showers, heavy at times. Max. 6C (43F).

Rest of Scotland
Showers, wintry on hills, sunny intervals. Max. 6C (43F).

Outlook
Changeable. Rain, but also sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	10	50	Locarno	S	2	36
Algiers	R	8	46	London	C	0	32
Amsdm.	Sn	−2	28	L. Ang.†	C	14	57
Athens	C	13	55	Luxmbg.	S	−1	30
Bahrain	S	21	70	Luxor	S	24	75
Barclna.	S	10	50	Madrid	S	8	46
Beirut	S	17	63	Majorca	F	11	52
Belfast	R	6	43	Malaga	S	14	57
Belgrd.	Sn	1	34	Malta	F	14	57
Berlin	S	1	34	M'chstr.	S	6	43
Biarritz	C	10	50	Mx. C.†		—	—
Bmghm.	F	6	43	Miami†		—	—
Blackpl.	S	7	45	Milan	C	1	34
Bordx.	C	7	45	Montrl.†	F	−17	1
Boulgn.	C	4	39	Moscow	S	−5	23
Bristol	C	6	43	Munich	F	1	34
Brussels	Fg	−3	27	Nairobi	F	29	84
Budpst.	C	1	34	Naples	F	11	52
Cairo	F	20	68	Nwcstl.	S	6	43
Cardiff	F	7	45	N. York†		—	—
Cas'b'ca	F	15	59	Nice	C	9	48
Chicg.†	R	−2	28	Nicosia	S	18	64
Cologne	S	1	34	Oporto	F	12	54
Cophgn.	C	−4	25	Oslo	C	−4	25
Corfu	R	10	50	Paris	C	3	37
Denver†	S	−5	23	Perth	S	36	97
Dublin	C	8	46	Prague	S	−1	30
Dbrvnk.	C	9	48	Reykjvk.	R	5	41
Ednbgh.	C	6	43	Rhodes	F	17	63
Faro	C	14	57	Rio J'o†		—	—
Florence	C	3	37	Rome	S	13	55
Frankft.	S	−1	30	Salzbrg.	S	3	37
Funchal	S	17	63	S F'cisco†	F	5	41
Geneva	F	3	37	S'tiago†		—	—
Gibraltar	S	15	59	Stckhm.	F	−2	28
Glasgow	C	7	45	Strasbg.	S	−2	28
Guernsey	F	7	45	Tangier	S	14	57
Helsinki	F	−1	30	Tel Aviv	C	16	61
H. Kong	C	20	68	Tenerife	C	19	66
Innsbrk.	F	−1	30	Tokyo	R	3	37
Invrnss.	C	7	45	T'ronto†	C	−10	14
I.o.Man	C	7	45	Tunis	C	11	52
Istanbul	F	8	46	Valencia	S	13	55
Jersey	F	7	45	Venice	C	1	34
Jo'burg	F	22	72	Vienna	S	−1	30
L. Plms.	S	19	66	Warsaw	C	1	34
Lisbon	F	12	54	Zurich	C	−3	27

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

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